FINANCIAL TIMES

PUBLISHED IN LONDON AND FRANKFURT

No. 28,399 Wednesday February 18 1981 ***25p

CONTINENTAL SELLING PRICES: AUSTRIA Sch 15; BELGIUM Fr 28; DENMARK Kr 6.00; FRANCE Fr 4.50; GERMANY DM 2.0; ITALY L 800; NETHERLANDS Fl 2.0; NORWAY Kr 6.00; PORTUGAL Esc 50; SPAIN Pts 75; SWEDEN Kr 6.00; SWITZERLAND Fr 2.0; EIRE 30p; MALTA 25c

NEWS SUMMARY

GENERAL

Spanish police chiefs resign

Spain's top seven national police security officers resigned on the eve of today's parliamentary confidence vote in the Government of Sig. Leopoldo Calvo Sotelo.

Their resignations were accompanied by a massive show of solidarity by top-ranking regional plain clothes police, angry at a public outcry over the death in police custody of a suspected Basque guerrilla.

The Government is thought unlikely to win an absolute majority in Parliament, which could mean an early general election.

Zimbabwe to disarm guerrillas

Zimbabwe is to disarm the remaining 22,000 members of the former guerrilla armies loyal to Prime Minister Robert Mugabe and his coalition partner Joshua Nkomo. Back

AUEW row

BL toolmakers' unofficial leader Roy Fraser was warned he faced expulsion from the engineering workers' union over his involvement with a multi-union craft association. Back Page

Indian MPs fight

Fighting broke out in India's lower House of Parliament after a Government supporter tried to introduce evidence of atrocities against untouchables. Page 3

Iran freedom row

Ayatollah Khomeini's son Ahmed attacked critics of a prominent supporter of President Bani-Sadr for allegedly limiting freedom of expression. Page 3

'Terrorists' protest

Argentina complained that the UN Human Rights Commission took evidence from "terrorists" in its inquiry into the alleged disappearance of 8,000 Argentine citizens.

Japan warning

Japanese Prime Minister Zenko Suzuki warned Right-wing Cabinet members they must leave the Government if calls continue for a review of Japan's anti-war constitution.

Riots in Naples

Police fired tear gas grenades and rifle shots to disperse unemployed and homeless demonstrators.

Dissident trial

Croatian historian Franjo Tudjman, 58, went on trial in Zagreb in the first major trial of a political dissident in Yugoslavia since President Tito died.

Requiem mass

Heads of Ireland's Church and State took part in a requiem mass in Dublin for the 44 victims of a discotheque fire in the city on Saturday.

Space man dies

Ivan Serbin, a key figure in the Soviet defence and space programme, has died aged 70.

Princess elected

Princess Anne was elected chancellor of London University, beating jailed South African nationalist Nelson Mandela and former transport union leader Jack Jones.

Oscar hopes

The films Raging Bull and Elephant Man led the Hollywood Oscar nominations with eight each.

Briefly . . .

Policeman was slightly hurt when three shots were fired at a Landrover in Belfast.

European Commission President Gaston Thorn will visit London on Friday for talks with Mrs. Thatcher.

Red Brigades claimed responsibility for killing the director of Milan's general hospital.

BUSINESS

$14 rise for gold; Gilts still firm

● **DOLLAR** weakened, closing at DM 2.1950 (DM 2.2460) and SwFr 1.9950 (SwFr 2.0460). Its trade-weighted index fell to 101.2 (102.2). Page 28

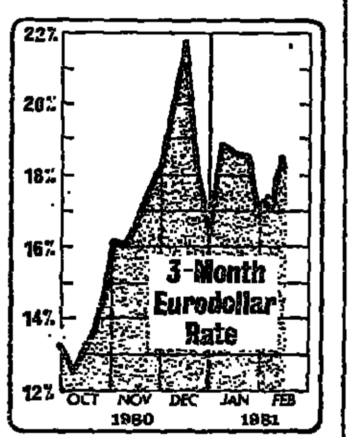
● **STERLING** rose 70 points to $2.2640, but showed a weaker trend overall. Its trade-weighted index fell to 102.5 (103.5). Page 28

● **GOLD** rose $14 to $504.5. Page 28

● **EQUITIES** interest was again undermined by pit strike fears, but a technical rally left the FT 30-share index up 1.0 to 485.5. Page 32

● **GILTS** maintained their firmer trend. The Government Securities index put on 0.04 to 69.13. Page 32

● **WALL STREET** was up 9.04 to 940.61 near the close.



● **EURODOLLAR** interest rates dropped sharply in London, reversing Monday's gains. The one-month rate fell 1/4 to 17 3/4 per cent and the three-month position closed at 18 5/16, down 1/4.

● **UK RECESSION TROUGH** may be this spring, according to the Central Statistical Office's cyclical indicators. Back Page

● **JAPAN** recorded a current account deficit of $2.82bn in January, its second worst result ever, compared with a $1.2bn surplus in December.

● **EGYPT** opened discussions with the UK for the purchase of two nuclear power stations. Back Page

● **CATERPILLAR** Tractor, the U.S. earth-moving equipment group, said it had won a $40m order from the USSR for 100 pipelayers. Page 4

● **GENERAL MOTORS** of the U.S. announced rebates of $500-$700 on small and medium cars to boost sales.

● **CHRYSLER CANADA** is to receive C$150m ($124m) in Government loans and will in return invest C$681m between now and 1985.

● **MANNESMANN**, the West German engineering group, acquired a 50 per cent stake in Kienzle Apparate, the data processing specialist. Back Page

● **DUNLOP HOLDINGS** share acquisitions by Malaysian buyers should not be subject to legal sanctions, a Department of Trade interim report recommended. Lex Back Page; News Analysis Page 7

● **JOHN BENTLEY** was the buyer of a large shareholding in F. Pratt Engineering, the Yorkshire-based engineering group. Back Page

COMPANIES

● **UNITED GLASS** reported a pre-tax loss of £5.57m for the year to end-November, compared with a £10.92m profit last year. Page 20; Lex Back Page

● **LEGAL AND GENERAL** Assurance (Pensions Management) total funds advanced by £427m to £1.7bn during 1980. Page 23

● **ERNEST JONES** (Jewellers) reports pre-tax profits down £160,000 to £1.46m for the year to end September. Page 20

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Fndg. 5½pc 82-84	£86¼	+ ¼
Treas. 10pc 1992	£79¼	+ ¼
Fitzwilton	48½	+ 3½
Lucas Inds.	166	+ 7
Pratt (F.)	114	+ 12
Reckitt and Colman	192	+ 5
Sumrie Clothes	41	+ 4
Vinten	198	+ 12
Rustenburg Plat.	230	+ 12
FALLS		
Aeronautical Gen.	360	− 20
Brentnall Beard	19	− 3
First Castle	93	− 5
Hampton Trust	56	− 8
Hepworth (J.)	92	− 5
Jones (Ernest)	108	− 6
Mnchstr. Ship Cal.	145	− 5
Metal Box	180	− 10
Sainsbury (J.)	351	− 14
Tube Invs.	182	− 4
United Scientific	345	− 13
Haoma Gold	112	− 20
North West Mining	66	− 14
Western Mining	227	− 8

Coal talks brought forward as strike support accelerates

BY CHRISTIAN TYLER AND RICHARD EVANS

MINISTERS, facing a rapidly approaching showdown with the miners, yesterday brought forward to this evening a meeting with National Coal Board and mining union officials.

The Government said, however, that it would not unveil proposals designed to quell the miners' anger until next week. By then five coal fields could be on strike and an official ballot for a national strike set in motion.

South Wales leaders of the National Union of Mineworkers reported complete support from their 26,000 members for the strike that began in the area yesterday morning. Kent's 3,000 miners are expected to join in today and North Derbyshire's 12,000 miners were called out from Monday.

Plans to close three or four collieries in both Yorkshire and Scotland—due to be unveiled by Coal Board area directors today—could precipitate strikes in these big Left-led areas.

Mr. Arthur Scargill's 65,000 Yorkshire miners may be called out after an area council meeting on Friday, when NUM leaders are expected to use their recent ballot mandate for action to support South Wales.

Some Scottish pitmen may take action from today ahead of an expected strike from Monday.

The Government appears to have been caught unawares. But MPs detected in a statement from Mr. David Howell, Energy Secretary, to the Commons yesterday a readiness to do more than offer the Coal Board higher redundancy payments to entice miners out.

At today's meeting NUM officials will be pressing for clear guarantees on coal imports, stockpiling subsidies and probably deferment of the Coal Board's programme to stay the miners' militancy.

Sir Derek Ezra, Coal Board chairman, may back the request for Government aid on stockpiling, and complain of the unfair competition from the heavily subsidised coal industries of West Germany, Belgium and France.

He may point out that the West German Government has bought 10m tonnes of its domestic output as a strategic stockpile. The Coal Board is trying to cut 10m tonnes of its capacity by closures and production cuts to bridge the gap between rising output and falling demand.

By last night it had announced the advanced closure of 17 pits and the loss of nearly 9,000 jobs but will try to relocate about half the men concerned.

The Coal Board confirmed yesterday that New Hucknall in Nottinghamshire would close and two more pits, Bobbington and Hucknall, would merge. About 1,000 jobs would go.

In South Wales, pickets were on duty at all 36 collieries and at coal depots. Lorries trying to collect coal for the Central Electricity Generating Board's Rogerstone power station from a depot at Merthyr Tydfil were turned back by 40 pickets.

Men working at Coal Board coke plants are expected to join the stoppage later this week. Workers on open-cast coal mining, mainly Transport and General Workers' Union members, decided to stay at work and stockpile production.

In the ports, one coal ship, St. Herblain, was forced to sail for France only half full. Coal samplers, who are NUM members, had joined the stoppage. Loading of several other ships with coke and phurnacite continued normally.

The Government's decision to bring forward the meeting with the Board and unions followed mounting criticism from many Conservative as well as Labour MPs. The apparent dilatoriness had been seen as acceptance by Ministers of the political and industrial hazards the Government was facing.

Mrs. Thatcher has not intention of playing any part in the tripartite talks, but undoubtedly has played a major role in the change of tactics.

Mr. Howell stressed that today's meeting would be a preliminary "listening" meeting to be followed by one next week when the Government would give its response.

French pit closures, Page 2
Coalfields united, Page 9
Thatcher treads warily, Page 10

Reagan to limit tax relief

By David Buchan in Washington

PRESIDENT Ronald Reagan will capitalise on his early popularity in office when he goes before Congress tonight to unveil his far reaching economic programme. But a decision to limit tax relief for highest-income Americans has apparently cost him a key supporter on Capitol Hill.

At the heart of the President's proposals, which include public spending cuts of about $50bn in the current and 1981-1982 fiscal years and faster depreciation for business investments, is the plan to cut income tax rates by as much as 10 per cent a year over three years. The aim is to create incentives for Americans to work harder and save more.

The income tax cut plan has been modelled on the Republican-sponsored Kemp-Roth Bill, which has called for successive 10 per cent reductions in each of the next three years in every earned income tax rate. The highest rate at present is 50 per cent, and the lowest 14 per cent.

But, in an attempt to make the tax package more politically palatable to Congress, the President is reported to have made a last-minute decision to divert from the Kemp-Roth model and to scale down the benefits for those in the top 50 per cent tax bracket.

This has provoked a public outcry from Representative Jack Kemp, one of Mr. Reagan's earliest and most enthusiastic supporters, who said yesterday that while he still backed the President "I will pursue my own programme." Under that, the maximum earned income tax rate would come down from 50 per cent to 37.5 per cent at the end of three years.

This is the second tax revision Mr. Reagan has made for both political and budgetary reasons. Last week, it was announced that the President had decided not to ask for an immediate reduction in the maximum unearned income tax rate from 70 per cent to 50 per cent.

The White House is sensitive to charges that its proposed spending cuts will hit the poor hardest and that its tax changes will benefit them least. But the Administration argues that the tax cuts will not be inflationary because they are weighted towards the better off.

The bulk of the spending cuts will bear on the 1981-82 budget, where the Administration has amassed some $40bn in spending reductions from the $739bn level which the outgoing President, Mr. Jimmy Carter, proposed last month just before he left office.

Labour campaign launched to unite against far Left

BY ELINOR GOODMAN, LOBBY CORRESPONDENT

LABOUR MPs last night launched a rescue operation to re-establish Labour as a broadly-based democratic party. More than 100 MPs, representing all mainstream opinion within the party, rallied to form an organisation dedicated to fighting extremism.

The campaign, which will go under the banner of Labour Solidarity, amounts to a declaration of war on the far Left. Its specific objectives are to reverse the far Left's recent conference victory and to re-assert the views of the majority of Labour members over the minority who control many constituencies. It is also committed to changing the party's National Executive Committee.

Last night, however, the organisers were presenting the campaign as a drive for unity. A steering committee was formed bringing together members of the Left-wing Tribune group and the Right-wing Manifesto group in an attempt to demonstrate the wide base of the drive for unity.

On the steering committee are Mr. Roy Hattersley and Mr. Gerald Kaufman, the two shadow Ministers who have until now been organising the Parliamentary Labour Party's fight-back, together with Tribunites Mr. Arthur Davidson and Mr. Frank Field.

Mr. Denis Healey was at last night's meeting and may play an active role in the group's affairs. The campaign also has the tacit support of Mr. Michael Foot, the party leader. It will work closely with the unions, and try to establish itself at a local level. It will match the far Left's tactics by publishing a newsletter.

The launch of the campaign reflects the deep concern in the PLP that Labour is in danger of destroying itself. Since last month's party conference decision to give unions the biggest say in electing the Labour leader, many MPs have been horrified by what is happening to the party.

Dollar and sterling down as profit-taking lifts DM

BY STEWART FLEMING IN FRANKFURT AND DAVID MARSH IN LONDON

THE DOLLAR and sterling dropped sharply against Continental currencies yesterday as profit-taking sparked off a strong recovery by the Deutsche Mark.

After another hectic and volatile day on the foreign exchanges, the dollar closed in London at DM 2.1950, down more than 2 per cent from Monday's close of DM 2.2460.

Sterling gained slightly against the dollar, closing at $2.2640 against Monday's $2.2570. But it fell sharply against most other currencies, and the trade-weighted index of its value against a basket of currencies dropped to 102.5 from Monday's 103.5.

This was the dollar's first substantial reverse during four weeks of sweeping and practically uninterrupted gains.

A fall in Eurodollar interest rates—with the three-month rate shedding 5/16 points to 18 5/16—and a growing feeling on currency markets that the recent rise of the dollar has been overdone contributed to the decline. Both the West German and Swiss central banks were reported to be selling dollars during the day, but intervention was not substantial.

The D-Mark also rose against the French franc and other members of the European Monetary System, within which it was under substantial pressure last week.

The D-Mark's partial recovery has eased the position

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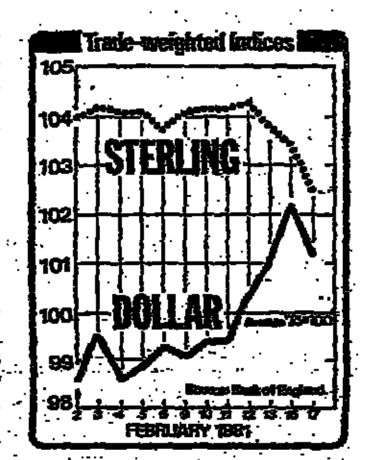

£ in New York

—	Feb. 13	Previous
Spot	$2.2870-2900	$2.3355-3365
1 month	0.68-0.75 pm.	0.53-0.60 pm.
3 months	2.80-2.90 pm.	2.25-2.35 pm.
12months	9.50-9.70 pm.	7.80-8.00 pm.

Washington to intervene on textile exports to UK

BY GILES MERRITT IN BRUSSELS AND RHYS DAVID IN MANCHESTER

THE U.S. Government is to intervene with the U.S. extiles industry in an effort to decelerate the export drive to the UK market, Mr. Cecil Parkinson, the Minister for Trade, indicated in Brussels yesterday.

He was speaking after the EEC's Council of Ministers had examined U.S.-EEC trade problems. He said the European Commission had raised the issue of U.S. textiles flooding "certain member States" in talks last week in Washington with Mr. William Brock, the U.S. Special Trade Representative.

The Commision received assurances the new Administration would "convey these concerns" to the U.S. textile industry.

But the British textile industry immediately indicated its belief that little had been achieved to afford it relief from the pressure of U.S. sales. These have shown sharp growth in the past two years and apparently accelerated in the last quarter of 1980.

Mr. Ian MacArthur, director-general of the British Textiles Confederation, said the Commission should press the Reagan Administration for early results from its talks with the U.S. industry.

If the talks prove fruitless the Commission should have ready a programme, for limiting U.S. exports to the EEC, to put before the Council of Ministers when it reviews the position in mid-March.

The British Textiles Confederation is doubtful that the Administration will have much success in persuading the U.S. textile industry to show restraint in exporting to Europe. The export drive, for which the European markets are the first target, dates to the Carter Administration.

U.S. global textile exports increased by 45 per cent in 1979 and by a further 18 per cent in the first 10 months of 1980.

UK producers feel that price controls on gas give the U.S. industry a substantial and unfair price advantage on feedstocks.

In this connection Herr Wilhelm Haferkamp, the EEC External Relations Commissioner, told the Council of Ministers yesterday that the Reagan Administration has confirmed its commitment to lift controls in advance of the scheduled 1985 date.

But it was made clear that a combination of the inflationary effect of deregulation and Congressional opposition ruled out any more definite undertaking.

£140m Rapier order from U.S.

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE U.S. AIR FORCE has placed a £140m order for British Rapier anti-aircraft missiles to defend U.S. airfields in the UK. The long-awaited order was placed with British Aerospace Dynamics Group through the Ministry of Defence.

The airfields concerned include Mildenhall and Bentwaters in East Anglia, Greenham Common in Berkshire, and Fairford in Gloucestershire. The RAF Regiment will man the missiles, which will be delivered over the next four years.

The deal covers 28 missile launchers, each with four missiles, for operational use, and four launchers for training purposes. This is regarded as the minimum necessary to defend the airfields against low level air attack and the USAF may eventually buy 12 more missile launchers and the appropriate missiles.

The deal, which has been in negotiation for some time, is regarded in Whitehall as partially offsetting the UK plan to buy the U.S. Trident submarine-launched nuclear missile system.

This is expetced to cost in all about £5bn, but much of the work on it will be done in the UK, including building the submarines.

It is felt in the UK that purchases by the U.S. need to be much larger to compensate fully for the cost of Trident to the UK. Efforts are being made to interest the U.S. in other UK missile programmes, including new air-to-air weapons.

The Rapier deal will safeguard jobs at the British Aerospace Dynamics Group plants at Stevenage, in Hertfordshire, and Bristol.

The U.S. order for Rapier involves the "Blindfire" version, developed in conjunction with Marconi, which enables Rapier to find and hit its targets at night or in bad weather when optical tracking is not possible.

Total sales of the Rapier system world-wide now amount to £1.15bn. The Swiss Army recently placed a £250m order for Rapier.

Norway, Ecuador, Egypt, Greece, Norway, Qatar, Spain, Singapore and Turkey are all interested in various versions of the weapon, which can be provided in a mobile, tracked-vehicle version or towed behind other types of vehicle.

The BAe Dynamics Group has a continuous development programme under way on Rapier, to ensure that the system keeps abreast of rapidly changing techniques of electronic warfare and in missile technology.

This programme, it is felt, will keep Rapier up-to-date and effective against air attack until the end of this century.

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Honecker and Kania meet in East Berlin

BY CHRISTOPHER BOBINSKI IN WARSAW

POLAND'S party leader Mr. Stanislaw Kania, held talks yesterday in East Berlin with President Eric Honeker, the East German leader. The Communist party in East Germany has been highly critical of developments in Poland since last summer's strikes.

The meeting follows decussions between Mr. Kania and Mr. Gustav Husak the Czechoslovak leader. They are designed to show that the recent appointment of General Wojciech Jaruzelski as Polish Premier, and the stern tone taken by the Warsaw leadership on "anti-Socialist elements" in the country has met with Warsaw Pact approval.

This helps to clear the air before next week's Soviet party *congress in Moscow which is* likely to be attended by a top-level Polish delegation. In Moscow, the Warsaw Pact leaders headed by President Leonid Brezhnev will have the opportunity of assessing the Polish party's handling of internal events since the last summit in December.

Meanwhile, Mr. Mieczyslaw Rakowski, Poland's new Deputy Prime Minister, began a round of talks yesterday with a delegation of students from Lodz University who have been on strike for four weeks. Final agreement between the students and the Government has been held up because Mr. Janusz Gorski, the Minister for Higher Education, is refusing to register the Independent Students' Association (NZS), which was founded last autumn.

After yesterday's meeting began, Mr. Gorski joined the *talks. He has been demanding* that the NZS insert a reference to the Polish constitution in their statute.

Swedes stress solid fuels in bid to cut oil imports

BY WILLIAM DULLFORCE IN STOCKHOLM

SWEDEN AIMS to reduce oil imports from 26m tons a year to between 14m and 17m tons by 1990. Nuclear power will replace part of it, but the emphasis will be on a switch to solid fuels, particularly to imported coal and the use of domestic forest residues and peat.

The non-Socialist coalition Government's new energy Bill, released yesterday, also allocates SKr 1.4bn (£131m) for spending on energy research over the next three years. Half will be devoted to alternative energy sources.

Last March, the Swedes voted in a national referendum for the completion of the current nuclear programme but also for a halt to further nuclear power development. This implies that all nuclear power stations will be shut down by the year 2010.

The measures contained in the new Bill are intended to fulfil the dual purpose of reducing sharply Sweden's dependence on imported oil and of preparing for the gradual replacement of nuclear power once the current programme for 12 nuclear power stations has been completed in 1986. Oil imports now provide about two-thirds of the country's energy supplies.

The main part of the Bill is an oil replacement programme intended to cut imports by up to 12m tons a year in the next 10 years. A "cautious" introduction of coal will result in imports of 4m-6m tons a year by the end of the decade. This will be additional to the coal and coke imported for steel making.

Coal-fired plants will be subject to stringent pollution rules. Supplies are to be secured by long-term contracts with coal producers and the buying of shares in foreign mines, but the import of coal from South Africa is forbidden.

Domestic sources, mainly forest residues and peat, will replace 3m tons of annual oil imports by 1990.

The Bill foresees a diversification of Sweden's oil suppliers with Britain and Mexico playing larger roles.

Leading Turkish lawyer banned from travel abroad

BY METIN MUNIR IN ANKARA

MR. ORHAN APAYDIN, head *of the Istanbul Bar Association* and one of Turkey's best known lawyers, has been told by the police in Istanbul that he cannot leave the country.

This comes as the military regime in Ankara shows signs of growing impatience with dissident Turks who fled the country after last September's army take-over.

Mr. Apaydin learned of the authority's decision when he applied for a passport to travel to Vienna to attend a meeting of the Chairman of European Bar Associations on February 27. There are no charges against him.

He was a strong critic of torture by the security forces before becoming silent after last September's coup and the subsequent military crackdown.

Mr. Apaydin's clients include the imprisoned leaders of DISK, the outlawed confederation of *revolutionary workers unions,* and the Left-wing Istanbul daily Cumhuriyet.

The generals, who seized power at a time of escalating political terror, are continuing to restrict liberties. Over the weekend, General Kenan Evren, the Chief of Staff who became head of state and his National Security Council of senior generals, passed a law authorising their administration to strip expatriate Turks of their nationality if they fail to return by March 19.

About 140 people have been summoned to return to Turkey or risk losing their citizenship. One fugitive is Ms. Behice Boran, 71, leader of the banned Marxist Turkish Workers' Party. On Monday she was sentenced to nearly nine years in jail on charges of issuing Communist propaganda.

UK refuses to yield on Canada fish pact

By John Wyles in Brussels

SIR IAN GILMOUR, the Lord Privy Seal, yesterday turned a deaf ear to appeals from West Germany and other EEC partners to allow ratification of a Community fishing agreement with Canada.

His stance came as little surprise to yesterday's meeting of EEC Foreign Ministers since Britain had advertised well in advance that the Canadian agreement could not operate until the EEC is fully agreed on a common fisheries policy.

But the British are totally isolated on this and have earned unusually sharp condemnations from Bonn whose deep sea fishermen are being denied access to Canadian cod because the agreement is blocked.

For the past three weeks the row has overshadowed the broader negotiations on common fisheries policy which are deadlocked on the issue of access for French fishing boats inside the UK's 12-mile limits.

A fresh attempt to break the deadlock will be made on March 9 by which time, according to West Germany, the best opportunities for fishing Canadian waters will be lost. As a result, Britain is being held responsible for the sacrifices of German fishermen and the absence of a common fisheries policy, amid a revival of old charges that the UK lacks the right Community spirit.

But with British fishermen striking against cheap imports, Sir Ian said Britain could not risk admitting cheap Canadian frozen cod fillets under the EEC-Canada agreement without the protection of a common policy.

Herr Klaus Von Dohnanyi, the West German Minister of State, questioned the risk to UK markets and claimed that Canadian imports would not exceed 1,540 tonnes against total imports into the UK of 120,000 tonnes and national consumption of 850,000.

Apart from the Canadian agreement, the Commission and other member states *wanted to hive off ratification* of agreements with Spain and the Faroe Islands from the fisheries negotiations.

Austrian budget deficit to reach £810m

VIENNA—Austria's 1981 net budget deficit will probably widen to up to Sch 29bn (£810m) instead of the Sch 25bn originally forecast, Herr Herbert Salcher, the new Finance Minister, said yesterday.

He said the Sch 25bn deficit target set by his predecessor, Herr Hannes Androsch, could not be met.

The Minister also said that Austria would continue its hard currency policy for the schilling.

Reuter

Ignorance in Athens

Only one in 10 Athenians realise that Greece is a member of the European Community, according to an opinion poll, AP reports from Athens. One and a half months after the country's accession to the EEC only 12 per cent of the sample of 600 people could name all of the Community members.

British membership of EMS urged

BY JONATHAN CARR IN BONN

FULL BRITISH membership of the European monetary system (*EMS*) *has become* "*feasible* and desirable" and should be pursued immediately according to Mr. Jacques van Ypersele, head of the Belgian Prime Minister's Office and a former chairman of the EEC Monetary Committee.

Pressing a four-point programme for early action to improve the EMS before an audience of West German Government, Bundesbank and other officials, he also called for:

- Improved policy co-ordination towards the dollar by setting up a swap credit line between the European Monetary Co-operation Fund (ECMF) and the U.S. Federal Reserve.
- An enlarged role for the ECU (*the EEC's fledgling reserve* currency) by dropping limits on its use by central banks and by encouraging its private use.
- *Greater convergence in the* economic policies of the member states, in particular by devising a "warning light" indicator within the EMS to register diverging inflation rates.

Mr. van Ypersele stressed that these proposals were not a substitute for the EMS's formal second stage, which was due to come into force next month but has been delayed because of political and technical problems. But he felt they could be carried through quickly and would improve the system's day-to-day functioning.

He appreciated the argument that the EMS would have come under great strain had sterling, *as a fast-appreciating petro*-currency, been a member from the start, but said this was no longer an argument for opposing membership, "unless one believes that another 20 per cent appreciation of the pound is both likely and desirable."

Membership of a larger zone of currency stability could improve Britain's trade prospects and help stabilise exchange rate expectations, he said. However, he proposed that the pound, like the Italian lira, at first should have a wider margin for fluctuation than the other member currencies.

Mr. van Ypersele also stressed that EMS membership for sterling would benefit his proposal to open a swap line between the EMCF and the Fed. The U.S. authorities would then have a third major *currency with which to inter*vene, in addition to the Deutsche Mark and the French franc.

He suggested that the EMCF-Fed arrangement should replace the system of bilateral swap credits between the Fed and European central banks—mainly the Bundesbank.

One key object would be to lessen the strains which arise in the EMS because the D-Mark reacts more strongly to periods of dollar fluctuation than other European currencies.

On occasions, for example, the U.S. authorities have sold D-Marks to help sustain the dollar, apparently without realising that the West German currency was very weak within the EMS and that the U.S. action made it weaker still. Centralisation on the EMCF could help avoid this, Mr. van Ypersele believes.

Bonn inquiry into bribery claims

BY OUR BONN CORRESPONDENT

The West German Public Prosecutor's Office has opened inquiries into bribery allegations against Herr Josef Ertl, the Federal Agriculture Minister.

The action follows a series of West German Press articles alleging that in 1976, Herr Ertl accepted payment of DM 9,000 (£1,775) from a private company in connection with his official duties, and used the money for personal gain.

Herr Ertl, aged 55, has firmly denied the allegations and the Prosecutor's Office has made no charges. Its present action simply marks the opening of preliminary investigations.

This will probably add to the political pressures on Herr Ertl, Farm Minister since 1969, who has stepped down from the presidium of his Liberal Free Democrat party.

Chancellor Helmut Schmidt has recently lost one of his most valued Cabinet colleagues, the former Justice Minister, Herr Hans Jochen Vogel, who moved to West Berlin to try to solve the political crisis there. Herr Hans Apel, the Defence Minister, is also under fierce criticism over the escalating costs of the Tornado combat air*craft and a parliamentary in*quiry into the affair may be held.

● Herr Josef Ertl: strong denial of allegations

Veba signs new oil deal with Saudi Arabia

BY KEVIN DONE IN FRANKFURT

VEBA OEL, the oil subsidiary of Veba, West Germany's largest industrial and energy concern, has signed a new crude oil supply agreement with Saudi Arabia guaranteeing deliveries of 100,000 barrels a day this year.

Saudi Arabia is already the Federal Republic's most important source of crude oil. Last year it supplied 24.2m tonnes—equal to about 25 per cent of the country's crude imports.

The new contract, which has been agreed at Saudi Arabia's official prices, replaces two old contracts that ran out at the end of last year. At 6m tonnes for the year the new supply contract makes good the quantities available under the old supply agreements.

Saudi Arabia meets about a third of Veba's crude oil needs, which last year amounted to 15m tonnes. Its other major sources of crude are the UK, Algeria, Libya and the Soviet Union.

In another move to safeguard the country's energy imports, Mobil Oil, the German subsidiary of the U.S. oil company, is planning to build a liquid petroleum gas terminal at Wilhelmshaven, on the West German North Sea coast, at a cost of about DM 500m (£100m).

Wilhelmshaven is also the favoured location for a liquefied *natural gas terminal, but this* project has been delayed because of Algeria's failure to complete LNG supply contracts with a number of German gas companies.

Mobil Oil is planning the LPG terminal—the first to be built in Germany on this scale—in co-operation with the German state holding company Industrieverwaltungsgesellschaft, and the two concerns have formed a joint company, Transgas.

The companies are planning to have the terminal completed by the mid-1980s. Most of the LPG (propane and butane) would be transported from Wilhelmshaven through a new 300 km gas pipeline to be built to the Ruhr industrial region.

Mobil sees increasing amounts of LPG coming available on export markets during the 1980s with the most promising sources being the North Sea, Africa and the *Middle East.*

The terminal would have a capacity for handling about 2m tonnes of LPG a year, although this could be expanded later. Wilhelmshaven has been chosen because of its deep-water and Mobil would also have intermediate storage facilities available in salt caverns, 20 kms south of the town.

Most of West Germany's LPG supplies have come from the country's oil refineries which met demand last year of 2.3m tonnes. Mobil is confident, however, that LPG demand—*chiefly from the heating* market, transport and chemicals sectors—will rise significantly in the 1980s as additional import supplies come available on world markets.

German crude oil imports fell in January by 21.8 per cent to 7.16m tonnes, compared with January 1980, but rising prices meant that the country's oil bill increased further.

The UK is now clearly West Germany's second most important supplier of crude oil (1.78m tonnes in January) after Saudi Arabia (2.06m tonnes), having pushed Libya into third place (1.35m tonnes).

Italy bid to put House in order

BY RUPERT CORNWELL IN ROME

FOR THE first time in almost a decade, the Italian Parliament is moving to put its house in order and end the unbridled obstructionism which has paralysed much of its activity.

Obstructive tactics have long been an operational hazard of parliamentary life here. But the straw which broke the camel's back was the prodigious efforts by the Left-wing Radical Party, whose fillibustering took up more than seven days earlier this month in a debate on police powers to hold terrorist suspects without charge.

All records for obstructionism were smashed by the party's 18 MPs—culminating in an 18-hour oration by Sig. Marco Boato, which topped by three hours an earlier marathon by one of his colleagues.

Yesterday, however, the procedures committee of the Lower House overruled Radical opposition to approve proposals to limit a speaker's time. Now, the maximum length for a Second Reading speech will be 45 minutes, and only 20 minutes in the discussion of individual amendments. The committee will have the right to weed out amendments it believes are *designed to waste time.*

It remains to be seen whether these provisions will win full approval from the full house. They are already sure to encounter obstructionism by the Radicals which could eclipse even Sig. Boato's remarkable achievement.

If, however, such pitfalls can be overcome, the new regulations would mark an important first step towards reviving the role of Parliament, whose growing irrelevance to the process of power in Italy is seen as one of the country's main weaknesses.

The ever-present risk of obstructionism has led successive governments to rely on decree laws which come into effect upon promulgation by the Cabinet, and which must then be approved by Parliament within 60 days.

This procedure has led to widespread criticism—not only from the Radicals—that Parliament was being by-passed.

But even anti-fillibustering rules (the equivalent of Westminster's guillotine) will be little more than cosmetic unless something can be done to wrest power away from the party secretariats back to a more independent Parliament and to a Government not looking over its shoulder all the time at the various parties which form the coalition of the day.

French coal board stands by closures

By David White in Paris

FRANCE'S nationalised coal board yesterday stood by its determination to close down its most unprofitable mines, despite a mounting campaign by Communist union leaders against production cutbacks.

M. Jacques Petitmengen, general manager of Charbonnages de *France, said* the exploitation of national resources could not be carried out regardless of cost. The company could not agree to the "unjustified survival" of operations that suffered excessive losses. Government subsidies for the coal industry totalled FFr 3.4bn (£290m) last year.

The biggest French union organisation, the CGT, has called a one-day general strike for March 13 in the Languedoc-Roussillon region

Yugoslav stability breeds confidence

By Paul Lendvai, recently in Yugoslavia

PRESIDENT TITO'S successors in Yugoslavia have so far been unable to cope with rampant inflation. Consumer prices last month were 40 per cent above January 1980 and the exhortations of Press and economists have had little effect on the dynamics of the decentralised market economy.

Walking on the bustling streets of Belgrade and talking to frustrated officials and disgruntled consumers, the visitor soon understands why the battle against inflation dominates both the headlines and conversations.

At the same time, high-ranking Yugoslav officials claim that the internal situation is "stable", even "good". Asked to justify such optimism at a time of severe economic crisis, one senior politician said: "Compare the turmoil in Poland to what is going on in Yugoslavia.

"Last year the standard of living in real terms dropped by seven, some say even by 10 per cent. Yet the number of strikes or work stoppages has actually fallen."

Cushioned blows

While admitting readily that the blows were cushioned by the fact that two-thirds of the workers live in the country and are linked to the rural economy, he also pointed out that the transition to the post-Tito era has taken place without drama. "Everything has proceeded more smoothly than anyone could have predicted."

The search for consensus between national and regional interests in this multinational society slows decision-making. And it is stressed that the pendulum has swung too far in the direction of decentralisation to the detriment of the unified Yugoslav market.

A *uniform foreign* exchange system within the country is regarded as a precondition for slowly improving the external payments situation. The visible trade deficit this year should be reduced to $5.7bn from $6bn in 1980 and the balance of payments deficit to $1.8bn from $2.2bn. About a third of the annual hard currency export earnings are needed to service the $17bn external debt.

It is not just success in slashing the balance of payments deficit, but also the degree of political stability which provides the background to Yugoslavia's relatively good international credit standing in contrast to growing doubts about Poland.

The decentralised Yugoslav economic system has proved vastly superior in political performance compared with the Soviet-type regimes within the Warsaw Pact.

"Despite the relative restraint in Soviet policy towards us, we have no illusions that this will last forever," the senior politician said. "The conflict between Yugoslavia and the Soviet model is as basic as ever and not a matter of personalities."

Senior Yugoslav party officials are not very optimistic about the durability of major strategic concessions made under great pressure by Polish leaders.

"The crisis is due to what is in fact a workers' uprising against the kind of socialism practised by the Warsaw Pact states," said one. "It is not an isolated sideshow or a special case, but rather the most acute expression of the crisis of the Soviet-type bureaucratic, centralist system.

It is felt in Belgrade that the emergence of a pluralistic Poland would be incompatible in the *long run* with Soviet supremacy over a restive Eastern Europe.

Best tactics

For the Kremlin, it is a question of the search for the best tactics, first to contain the pressures from below and then to revoke step-by-step the main political concessions.

One Yugoslav analyst maintained that there is no factual basis for the belief, prevalent in the West, in a split in the Soviet leadership between "moderates" and "hard-liners" over the basic approach to the Polish crisis, over what concessions are possible without endangering the Communist system and the Soviet empire.

In this sense, independent and non-aligned Yugoslavia—the enduring symbol of an historic break that did not spark an invasion—remains a dangerous challenge to a Soviet regime, now infinitely stronger militarily, but more vulnerable politically than 30 years ago.

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription rates $365.00 per annum. Second Class postage paid at New York, N.Y., and at additional mailing centres.

Debate over nuclear missiles splits the Netherlands

THE NETHERLANDS has taken on, largely unwillingly, a key role in the debate within NATO over the modernisation of its European nuclear missile arsenal. A decision by the Dutch against the deployment of 48 cruise missiles on their territory could strengthen doubts in Belgium and also have repercussions in West Germany.

In December, 1979, the Dutch Parliament voted to delay a decision on the missiles but a *choice must be made by* December, 1981. It is now the half-way stage and there are signs that public opposition to nuclear weapons is growing.

An additional uncertainty is created by the general election due in May. The return of a left-of-centre Government to power, suggested by recent opinion polls, would almost certainly lead to the Netherlands rejecting NATO's missile plan.

But the Left-wing parties are by no means clear in their own nuclear thinking and the broad Dutch political spectrum means a large number of coalition permutations is possible.

The Government's reluctance to take the centre of the stage in the debate over the stationing of 572 cruise and Pershing-2 missiles in Europe results from the sensitive nature of defence, and particularly of nuclear issues in the Netherlands.

The view of the Government can be summed up as follows: NATO's new missiles are a regrettable necessity until the Soviet Union and its allies show real signs of halting their own arms build-up. Strong pressure within Parliament, however, during two lengthy debates in December, 1979 forced a compromise on the Cabinet. The Netherlands will now only support the NATO plan if disarmament talks produce no measurable result by the end of this year. The Government also wants the U.S. Senate to ratify the SALT-2 agreement—which *now seems increasingly unlikely.* This compromise allowed the Government to turn a sizeable Parliamentary vote for rejection of the new missiles into a narrow majority in favour of the "wait-and-see" approach.

The public debate has been growing in intensity in recent months and it is likely to be *the major issue in the run-up to* the election.

It is within Labour, the main opposition party, that the argument has reached its fiercest. There is a real danger that differences of opinion within the party could cost it its leader, the former Prime Minister, Mr. Joop den Uyl.

The party's draft election manifesto calls for the rejection of NATO's modernisation plan and the dropping of four or five of the six nuclear-related tasks already assigned to the Netherlands. The Dutch operate 8-inch howitzers and Lance and Nike missiles with nuclear capability. Their Starfighters and Neptune

The Netherlands is deeply divided over whether to allow the deployment of Cruise missiles on Dutch soil. This is likely to be the major issue in the general election in May, as Charles Batchelor reports from Amsterdam.

A marine version of Cruise under test.

aircraft are equipped to carry nuclear warheads while they are also responsible for laying nuclear landmines. The manifesto will be put to the party congress at the end of February for approval. Previous *congresses have come out in favour* of the complete rejection of nuclear weapons and a large number of the party rank-and-file take that view.

Mr. Den Uyl, however, has made his agreement to lead the party into the next election conditional on the congress accepting the manifesto as it now stands.

While recent opinion polls have shown a decline in support for Labour, the Left-wing parties together have improved their position. Much of this has been due to the spectacular increase *in popularity of the Democrats,* who stands to triple their strength in Parliament from their present eight seats.

The Democrats too want a reduction in Dutch nuclear tasks and are opposed to the deployment of the new missiles "in present circumstances." This apparently innocent proviso is widely seen as leaving a door open to a coalition agreement with a party which was prepared to accept the cruise missiles—the Liberals or possibly the Christian Democrats.

The Christian Democrats, *who are the senior partners in* the ruling coalition, have also decided to delay a decision until December. The party leader and Prime Minister, Mr. Dries van Agt, faces a similar conflict to that of Mr. den Uyl. He is opposed to his party coming out against the deployment of NATO's missiles, a position which sets him at odds with many rank-and-file members.

The junior partners in the present ruling coalition, the right-of-centre Liberals, are in favour of deployment. They have fared less well in recent opinion polls, however, and could well find themselves back in opposition after the election.

An important new element in the nuclear debate is the churches—or rather the inter-church Peace Council. The council now claims some 20,000 *active members around the* country.

It achieved a major victory in November when the Synod of the Dutch Reformed Church—with 3m members, the largest Protestant church community—called on congregations to reject both the possession and use of nuclear weapons as a means of mass destruction. *Pax Christi,* the Catholic peace movement which is also represented on the Peace Council, supports its ideals and pressure is growing for a statement from the Dutch bishops.

Public support for disarmament and the abolition of nuclear weapons is strong. A *campaign against the neutron* bomb three years ago secured more than 1m signatures in a country of 14m people and many pressure groups ensure the issue is kept in the public eye.

Within the armed forces themselves, opposition to nuclear weapons is strong. A secret Defence Ministry report which was leaked to the Press showed widespread discontent over issues such as nuclear weapons. As much as 48 per cent of service men questioned rejected the use of nuclear weapons. However, a large majority—88 per cent—said they were in favour of Dutch membership of NATO.

The attitude of the present Government has been of unswerving support for NATO. While budget cuts will mean that this year the growth in defence spending falls to around 1.5 per cent, the Dutch are committed to NATO's 3 per cent growth target. The airforce is now re-equipping itself with the F-16 fighter while the Dutch navy claims to be one of the most modern in NATO.

Defence policy, however, has not been helped by the rapid turnover of Ministers. Mr. de Geus is the third to hold office in the present Government.

Prospects for the Dutch holding to their December deadline for a decision are not good. The election is likely to be followed by many months of coalition negotiations which could effectively paralyse decision-making.

But the tougher foreign policy stance of President Reagan and the uncertain situation in Eastern Europe make a decision by the Netherlands all the more urgent. West Germany and the U.S. have already renewed pressure for a decision from the Hague.

OVERSEAS NEWS

Khomeini's son warns of threat to revolution

BY TERRY POVEY IN TEHRAN

AHMED KHOMEINI, son of Iran's revolutionary leader, Ayatollah Khomeini, yesterday launched a bitter attack on those whose actions, he said, were limiting freedom of expression in the country.

He protested bitterly against an attack last week on Ayatollah Lahouti, the former head of the Revolutionary Guards in the first year of the revolution and a prominent clerical supporter of President Abul Hassan Bani-Sadr.

"If we don't stop these things today," said an outraged Ahmed, "then tomorrow they will be far worse. Islam and the revolution are in danger.

"Ayatollah Khomeini is very upset by this attack and has said that anyone who hurts Mr. Lahouti hurts me," he added. Mr. Lahouti's record of struggle against the Shah had left him "tortured more than any other member of the clergy and he still has the marks on his body."

Widening his attack in what is seen by many as a reference to the Islamic Republican Party and its leader, Ayatollah Mohammed Beheshti, the supreme court head, Ahmed Khomeini asked: "Should everybody think the same or else?

"How come you are the leaders of the Imam's line and everybody else is nothing? You must lose your love of power and fame and come down from on high and cleanse yourself of all this."

Recalling a recent statement by the president that his opponents had taken to claiming that he was not a Moslem, Ahmed Khomeini went on: "Yesterday they said that he is against Ayatollah Khomeini, today they say that he is not even a Moslem. Tomorrow, they will say this about all of us.

Ahmed Khomeini supported Mr. Bani-Sadr at the presidential elections a year ago but for the past few months has been staying out of national politics.

Anthony McDermott in Cairo writes: President Anwar Sadat of Egypt yesterday called on Mr. Yassir Arafat, chairman of the Palestine Liberation Organisation, to assert himself as decision maker for the future of the Palestinians, and to stop being what he called "only a compromise leader."

In a Press conference with Dr. Bruno Kreisky, the Austrian Chancellor, who has been on a visit since Saturday, Mr. Sadat repeated his recent call for the formation of a Palestinian government in exile. He said Egypt would recognise it on formation.

Carrington faces Nigerian pressure on trade surplus

BY MARK WEBSTER IN LAGOS

LORD CARRINGTON, Britain's Foreign Secretary, is likely to come under pressure from Nigeria to find ways of reducing Britain's huge trade surplus in two days of talks due to start today.

Both sides are billing the talks in Lagos as a goodwill trip which will cover international and bilateral political issues such as Chad, Namibia and compensation for BP's Nigerian interests, nationalised in 1979.

But Lord Carrington will be accompanied by eight senior British businessmen and industrialists who will be looking at investment opportunities.

The Nigerians complain that no fresh investment has come from Britain since 1977, while other countries have been moving in fast. Britain says that more than 40 per cent of total fixed investment in the country is British.

But it is unlikely that the issue of Britain's trade surplus, which reached £1bn last year, will be allowed to spoil the friendly atmosphere.

The key to the improvement has been the independence of Zimbabwe in April last year and the arrival in power of a Nigerian civilian government in October 1979.

MPs' violent behaviour highlights widespread discontent in India

BY OUR FOREIGN STAFF

INDIA'S Parliament adjourned in disarray yesterday as fighting broke out between MPs. The outbreak highlights increasing public concern over MPs' unruly behaviour, and is a symptom of widespread discontent and communal violence throughout the country.

Trouble erupted when Mr. Hiralal Parmar, a member of Mrs. Indira Gandhi's ruling Congress (I) Party, attempted to present to the speaker evidence of atrocities committed against harijans—untouchables—during recent communal violence.

Witnesses said about 40 MPs came to blows after members of the Congress party front bench tried to subdue Mr. Parmar during his protest to the speaker.

This is the first time that violence has ever erupted in the Lok Sabha, India's lower house, although there have often been disorderly scenes during the current session. The speaker has often found it difficult to control members, but violence of this kind has never been seen before.

This was the second consecutive day of upheaval in parliament. Opposition members protested on Monday that the government had misused official services in stage-managing a huge farmers' rally in support of the Congress (I) party. The rally was attended by up to 2m people.

The outbreak is evidence of increasing frustration inside parliament; Mrs. Gandhi has ruled the country for 13 months without any reference to parliament. It is not only opposition members who feel they are working in a vacuum, ignored by Mrs. Gandhi and her small group of policy planners.

A large number of Congress (I) MPs who rose to power as nominees of Sanjay Gandhi are now critically aware that his death in an air crash last June has left them with no influence at the top, and no electoral support.

The mood in parliament echoes that in the country, where mob violence, clashes with the police and even police atrocities have been reported daily. MPs, lacking any contact with the centre of power, have been unable to take up or promote peoples' grievances.

Inflation is running at unprecedented levels, while unemployment is rising fast. The issue of farmgate food prices came to a head recently with farmers' protests in Maharashtra and four other States.

Political disenchantment has its roots in the collapse of the Janata coalition Government in 1979. Mrs. Gandhi swept back to power in January 1980 in large part because of what people felt was the unprincipled lust for power shown by members of the divided Janata coalition.

The current parliamentary session only began on Monday, and it is becoming clear that yesterday's outbreak will not be the last. The budget for 1981 is due to be presented on February 28, and the session promises to be tempestuous.

K. K. Sharma in New Delhi writes: At least five countries have agreed to give credits to finance the fertiliser project at the Vaishet in Maharashtra State for which the World Bank has withdrawn its offer of a \$250m loan following differences with the Indian Government on the choice of consultants.

Mr. P. C. Sethi, Minister for Petroleum and Chemicals, announced to Parliament yesterday that Japan would contribute \$69.6m, Britain \$67.5m, Denmark \$30m, Italy \$20m, while discussions were being held with France.

David Butler visits the various guerrilla groups seeking to oust the Vietnamese from Phnom Penh

A struggle for power along Kampuchea's borders

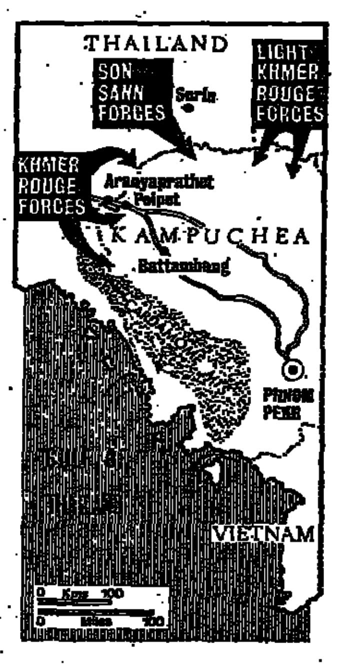
THREE TIMES a day, the Voice of America broadcasts half-hour Khmer-language news programmes that can be easily picked up ont he cheap transister radios that have flooded Kampuchea in the last year. So when Prince Norodom Sihanouk, the country's last non-Communist ruler, announced early last week that he was willing to lead a united front against the Vietnamese occupation of the country, millions of his countrymen knew of it within hours.

On the Thai-Cambodian border, the news was greeted with clandestine rejoicing—and defections from the Vietnamese-led Heng Samrin armed forces.

Despite the misfortunes and mistakes of his turbulent political career, Sihanouk has consistently stood for Kampuchea's sovereignty and neutrality. Many peasants still consider him semi-divine.

But even his followers on the border are extremely wary of Sihanouk's decision to base his return on the troops of the ousted Khmer Rouge regime. "We are the forces of Samdech (Prince) Norodom Sihanouk, so anything that he orders we will folow," said Nhem Sophon, the head of a Sihanoukist group called Moulinaka at its forest headquarters just inside Kampuchea near the Thai village of Nong Chan.

"But we must be careful not to fall under communism again." He swept his arm to indicate his lieutenants at the rough table in the small, thatched headquarters pavilion. "After all, we are all lucky to have survived Pol Pot at all."



Pol Pot: Having forged his radical communism in the Paris of the 1950s, Pol Pot took part in the Khmer Rouge victory of 1975, emerging as their leader in the course of their 3½-year rule.

Prince Norodom Sihanouk: Former head of state and Prime Minister. Was overthrown by Gen. Lon Nol while on a trip to Paris in 1970. Spent most of the next five years in Peking.

Son Sann: Former Minister of Finance and Prime Minister under Sihanouk, with whom he fell out before the Lon Nol coup. Spent the Pol Pot years in Paris.

Ordinary Kampucheans have for more than 10 years been the pawns—and the victims—in a complicated power struggle. At the furthest remove, both great powers and China have stakes in the country's fate. Regionally, Kampuchea's logical role as a buffer between Vietnam and Thailand, the two major powers on the Indo-Chinese peninsula.

As recently as six months ago, hundreds of thousands of Kampucheans along the border were subject also to outbreaks of gang warfare among the collection of warlords, black marketeers and genuine patriots who set themselves up as their Khmer Serai ("Free Khmer") saviours. These claim to be fighting both the occupying Vietnamese troops and the Khmer Rouge. In fact, most of them were primarily interested in protecting their trade in rice and consumer goods between the border and the interior.

Several of the most notorious Khmer Serai leaders have been killed or mysteriously disappeared in recent months. Under severe pressure from the Thais and the Chinese, those remaining have sorted themselves out into two groups: the Sihanoukists under Moulinaka, and those who follow Son Sann, a banker and former Prime Minister in the Sihanouk years. He and Dien Del, the 48-year-old general who commands Son Sann's 3,000 - 5,000 armed soldiers, are both admired for their fierce honesty and refusal to engage in the border trade.

The widespread presumption that Democratic Kampuchea under its present leadership would not survive this year's general assembly vote on Cambodian representation is the major factor behind the current flurry of diplomatic consultations and pronouncements. Thailand finally convinced China that it would have to abandon its former allies at the top of the Khmer Rouge hierarchy.

On a visit to Bangkok late last month, Chinese Premier Zhao Ziyang mentioned both Sihanouk and Son Sann as potential leaders of a united front.

At about the same time, Son Sann announced that he planned to form his own provisional government later this year in an obvious attempt to win United Nations recognition.

Son Sann has met both the Khmer Rouge leaders and the Chinese. His position is that the present leadership must go into exile in Peking or elsewhere, and that no Khmer Rouge figure would have a place in this government.

Sihanouk's conditions are much more accommodating to the Khmer Rouge. Last weekend, he said that he had "no choice" but to co-operate with the Khmer Rouge—whom he had once condemned as "super Nazis" and even named Khieu Samphan, who became Prime Minister of democratic Kampuchea in late 1979, as a possible Prime Minister.

Western relief workers along the border frequently remark on the contrast between the factionalism and corruption in the Khmer Serai-controlled camps and the iron discipline in the Khmer Rouge camps.

The Khmer Rouge have about 30,000 men under arms. From their redoubts along the western and northern borders of Thailand, they should pose an effective guerrilla threat to the estimated 200,000 Vietnamese troops in Kampuchea. It may be true, as the Chinese have always maintained, and as Sihanouk reluctantly seems to have concluded, that only those hardened troops can force the Vietnamese out. But the trouble with that strategy is that the other surviving Kampucheans are thoroughly familiar with the techniques and uses of that discipline, and fear it more than they hate the Vietnamese.

AMERICAN NEWS

Factions in El Salvador urged to hold talks

By Hugh O'Shaughnessy

EFFORTS TO achieve a negotiated settlement of the civil war in El Salvador are being made in a number of capitals at the same time as the Reagan Administration is attempting to win European support for its backing of the ruling Salvadorean junta.

The call for all-party talks was most strongly made by Mr. Ola Ullsten, the Swedish Foreign Minister, in Stockholm on Monday. He said that the right-wing junta, the left-wing insurgents and the U.S. Government should start negotiations

The Bonn Government is also believed to favour broadly-based talks, although the West German opposition yesterday published a letter from Frau Hildegard Hamm-Bruecher, state secretary at the Foreign Ministry, which said that the junta in San Salvador enjoyed majority support. West Germany's ruling Social Democratic Party has repeatedly stressed its support of the Salvadorean Left.

Washington is understood to be loath to break off its informal contacts with the Mexico City-based Democratic Revolutionary Front, the political arm of the Salvadorean guerrillas with which it has had a number of meetings in recent weeks.

Robert Mauthner adds from Paris: M. Jean François-Poncet, the French Foreign Minister, yesterday gave a sympathetic hearing to U.S. complaints about Cuban and Soviet support for the El Salvador guerillas, but reserved France's position pending further information.

The complaints were voiced by Mr. Lawrence Ealgeburger, U.S. Assistant Secretary of State for European Affairs, who is sounding out the West German, French, British, Belgian and Netherlands governments on countering what the U.S. sees as Communist influence in central America.

Reagan willing to carry out Carter's hostage deal

BY DAVID BUCHAN IN WASHINGTON

THE REAGAN Administration has accepted and will fully implement the agreements negotiated by the Carter Government last month to secure the freedom of the U.S. hostages in Iran, a senior Republican Senator said yesterday.

Senator Charles Percy was speaking from the chair of the Foreign Relations Committee which yesterday opened hearings on the hostage crisis and U.S.-Iranian relations. He said the White House would shortly announce the result of its month-long review of the hostage-assets accords—that it had found no substantial legal obstacles to carrying out the terms.

Mr. Edmund Muskie, the former Secretary of State, and Mr. Warren Christopher, his deputy, appeared yesterday before the Senate committee. Senator Percy paid them a handsome compliment. "The country owes a debt of gratitude to you and President Carter," he said, "for negotiations handled with extraordinary skill."

But some on Capitol Hill have expressed reservations about two aspects of the U.S.-Iran agreements: the provisions barring the former hostages and their families from seeking damages from Iran and those freezing known assets of the late Shah's family in the U.S. so that Iran can press its case for recovery of Pahlavi wealth in U.S. courts. Some perceive inequity in closing the U.S. legal system to the U.S. hostages but keeping it open for Iran.

This disquiet may surface in hearings by both the Senate and the House of Representatives later this week, in particular when U.S. corporate and bank claimants give evidence.

More than \$3bn (£1.3bn) in Iranian assets remains tied up in the U.S. by various court orders. At least \$1bn of this is supposed to be paid into a special escrow account in the Bank of England to cover any compensation awards made to U.S. claimants (not the hostages themselves) by an international tribunal. The rest would eventually be returned to Iran, under the accords negotiated by the Carter Administration.

But several U.S. judges have so far ruled in favour of an argument by American companies that compensation arrangements are too tenuous and Iran's money should stay in the U.S.

However, it has not been suggested seriously that the Reagan Administration would rip up the agreements painstakingly negotiated with Iran through Algerian intermediaries. President Reagan wanted a full review of the agreements, reached on the very day he took office, to show that he was fully in charge and could not take previous agreements on blind trust.

He has insisted repeatedly the U.S. could not be seen in the eyes of the world to have paid ransom to Iran for the 52 captive diplomats. But since Iran has received only \$2.9bn of its \$12bn in total frozen assets so far, and the U.S. Government has paid nothing out of its own pocket, that suggestion has not arisen.

A further argument against repudiating the agreements was that it would be a serious slap in the face to Algeria, and by implication to any other third country whose good offices the U.S. might need in the future.

Canada increases oil incentives

BY VICTOR MACKIE IN OTTAWA

CANADA'S Minister of Energy, Mr. Marc Lalonde, has eased rules on Canadian ownership in the oil industry to make more companies eligible for incentive grants to explore for oil.

Companies which can prove that they are at least 65 per cent Canadian-owned now qualify for maximum grants outlined in the federal Government's national energy programme last autumn. Previously the requirement was 75 per cent.

Mr. Lalonde denied that the Government was knuckling under to pressure from the oil industry. He explained that the original ownership rules were put forward only for discussion.

Mr. Lalonde said the changes would help ensure that Canada was self-reliant in oil by the end of the decade. Several companies had informed him privately that they planned to expand significantly their exploration budgets.

Under the new plan, companies that are 65 per cent Canadian-owned this year can obtain the maximum grants so long as they increase their Canadian ownership by 2 percentage points a year until 1986. If they fail to increase Canadian ownership at that rate, they will qualify for smaller grants.

Mr. Lalonde also created a new category of grant. It will subsidise companies for up to 65 per cent of exploration costs if they have 60 per cent Canadian ownership, rising to 65 per cent by 1986.

Companies with less than 50 per cent Canadian ownership can have up to 25 per cent of their exploration costs covered by grants as announced last October.

Mr. Koch: critics urge caution

New York returns to capital market

By David Lascelles in New York

NEW YORK CITY, now financially on the mend, will this week borrow money for the first time on its own account since its brush with bankruptcy in the mid-1970s. The move follows efforts by Mr. Ed Koch, the mayor, to balance the budget and paves the way for the major bond issue he wants to make next month.

This week's borrowing consists of \$200m in so-called tax and revenue anticipation notes: these are short-term securities for which certain city revenues have been pledged in repayment, together with some state aid. They have been awarded an investment grade by Moody's the bond rating agency, which means that institutional investors will be able to buy them, though the grade is the *lowest of its kind.*

Mr. Koch has been impatient to get New York back to the capital market in its own right—some would say too hasty.

By slashing spending and increasing some taxes he managed to get this year's budget into balance and he also projects a balanced budget for next year. He has been helped by New York state which has taken the heavy load of financing Medicaid, the medical assistance programme, off the city's back.

Mr. Koch now hopes to organise a major bond issue for the city next month and to start the fundamental restructuring of the municipal balance-sheet. However, there is a feeling abroad in the municipal finance business that he would do better to wait a year until the longer-term outlook becomes clearer.

At the moment, Moody's would only rate a city bond B, which is not good enough for institutional investors who would have to participate if the issue was to work. That is because the city's long-term budgetary outlook is hampered by heavy debt-financing and an eroding tax base because of unemployment, population loss and property abandonment.

Another problem is the Municipal Assistance Corporation which handled the city's finances during the crisis and now carries more of the city's debt than the city itself. Although it played a vital role, it could become something of an embarrassment because New York City could never claim to be genuinely responsible for all its finances while MAC was still carrying a big part of them.

Chile steps up oil search

BY MARY HELEN SPOONER IN SANTIAGO

CHILE IS opening most of its potential oil fields and offshore sites to bidding for risk-bearing exploration contracts by private companies.

At the same time, the state oil company, the Empresa Nacional de Petroleo (ENAP), is being reorganised to function as a holding company, while four independent enterprises are being formed under ENAP to handle exploration, refining, storage and distribution.

This reorganisation is part of Chile's programme of de-nationalising state enterprises, while the bidding for exploration contracts is part of ENAP's effort to determine the precise extent of Chile's oil reserves. This will enable the country to prepare for an expected peak in shortages on the world oil market between 1985 and 1990, according to Chilean officials.

While maintaining control over the most promising oil sites in the extreme south, Chile is allowing foreign companies to look for oil in regions where the exploration costs exceed ENAP's investment capabilities.

ENAP officials, however, seem determined that the state oil company will not cede any more influence than absolutely necessary. Sr. Ernesto Silva, general manager of ENAP, emphasised this month that control of ENAP itself would not be ceded to the private sector. ENAP's refineries would be free to negotiate the refining of crude imported by private companies, in addition to domestic oil production. The company's five storage terminals would also be free to sign independent storage contracts with private companies importing or producing oil. The object of this reorganisation, according to Sr. Silva, is to increase ENAP's efficiency by permitting more competition.

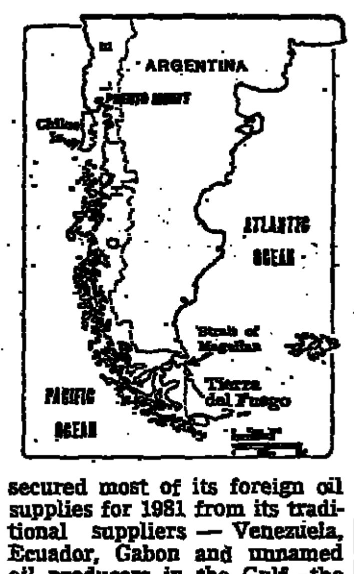
Argentina has announced its first offshore discovery of oil in commercial quantities, AP reports from Buenos Aires. Sr. Daniel Brunella, the Energy Secretary, said a well 10 miles east of the Atlantic end of the Strait of Magellan was gushing 5,000 barrels of crude a day and was expected to stabilise at a daily production of at least 1,250 barrels. The well, drilled by a consortium headed by Shell Hydrocarbons, the Argentine subsidiary of Royal Dutch Shell, is one of about 50 sunk in the area in the past three years.

Chile produces about 34,000 barrels of crude oil a day, and consumes around 100,000 barrels daily. Sr. Silva recently said the company may invest as much as \$2bn in exploration and drilling in the area of the Straits of Magellan and Tierra del Fuego over the next 10 years.

This southernmost Chilean territory yielded 13m barrels of crude last year, which accounted for almost all domestic production.

The bulk of ENAP's production effort has been concentrated in these offshore sites, despite some initial controversy over high production costs in excess of \$13 a barrel. But as international oil prices have risen steadily, the company is now being credited with foresight in managing to bring the project on stream at a time when the country's oil import bill has doubled within a three-year period.

In 1978 Chile's oil imports cost \$429m. Last year the cost was estimated at \$800m. This year's imported oil will cost at least \$100m more. Although officials say Chile has already



secured most of its foreign oil supplies for 1981 from its traditional suppliers — Venezuela, Ecuador, Gabon and unnamed oil producers in the Gulf—the country will be forced to recur to the spot market for at least part of its imports.

ENAP officials have predicted a 20 per cent increase in oil production in the Straits of Magellan for this year, with at least 12 new wells drilled. Some 300 wells in the Straits are now producing oil, and recently Tierra del Fuego was linked to the Chilean mainland

If the optimistic predictions of Sr. Silva come true, Chile should be producing half of its domestic oil needs by 1990. But it is unclear what prospects there are for oil production in other regions of the country.

Tony Walker reports on the gloom among Western businessmen at the Peking Hotel

More bust than boom in China's Klondike

A WESTERN businessman, based in Peking for the past several years, stares moodily into his beer and wonders aloud if it is worth staying.

In the downstairs coffee lounge at the Peking Hotel, watering hole for thousands of businessmen who have visited China since it opened to the outside world, a distinct sense of gloom prevails.

Almost any night of the week during the boom times of 1978 and 1979, the lounge was packed with resident and visiting traders swapping stories about business successes. As the evening wore on one or two of the more exuberant were sometimes persuaded to join the carp in the ornamental pond. This was considered good fun.

If the Peking of those times was a bit like the Klondike for Western businessmen, the hotel coffee lounge was the busiest saloon in town.

Today, many of the patrons appear to be black African students with other things in mind than persuading the Chinese to buy expensive plant and equipment.

If anyone wants to take the pulse of Western business aspirations in China these days they need go no further than this austere expanse of ground floor marble in the city's leading hotel.

As one experienced trader said: "For many businessmen resident here there is little point in staying unless their companies have plenty of money and are prepared to take a long view of business prospects in China."

In line with these sentiments, a shake-out has already started among smaller companies with offices in the Chinese capital. Some companies, as a result of the latest rash of contract cancellations, have decided it is no longer worth sticking around.

Few companies will say publicly they are pulling out, no doubt on the grounds it may affect their future dealings with the Chinese. But the pattern over the past several months is that representatives have quietly gone on holiday and not returned.

While smaller organisations were first to scale down their representation bigger companies are also known to be reviewing their position in China. Uncertainty prevails, for example, as to whether Bethlehem Steel will maintain its office here after being disappointed in its efforts to secure contracts.

Whatever companies decide to do about their China representation, the honeymoon between Western business and China, which had been fading fast over the past year or so, anyway, has ended.

Many Western businessmen feel cheated over dealings with the Chinese. They believe they have been strung along in negotiations when there was little or no prospect of a deal coming through. One Western trader here lays part of the blame on the side of companies which had a quite exaggerated idea of business prospects in China. These companies simply expected too much.'

The trader also pointed out that negotiators contributed to the problem of raised expectations by being better at saying "maybe" than "no."

While most attention has focused in the past several weeks on what has been represented in some Western publications as the almost complete cessation of business, it is perhaps too soon to make firm judgments about prospects here over the next few years.

"It's too early to throw in the sponge," says Mr. Jerome Cohen, head of an American legal office in the Chinese capital. Mr. Cohen believes "we'll see a modest continuation of business activity."

He says a distinction should be drawn between investment and trade, the latter which is suffering because of China's foreign exchange squeeze. It is quite possible, Mr. Cohen says, there will be more emphasis on investment in the form of compensation deals, licensing arrangements and joint ventures.

He expects China will continue purchasing plant and equipment, albeit on a modest scale, which will generate exports, adding that his firm is involved on behalf of clients in negotiations to sell capital items of this nature to the Chinese.

Mr. Cohen says it should be kept in mnd that China has not cancelled its present policy, which is to broaden business contacts with the outside world and to create a suitable legal and commercial framework inside the country to do this.

His advice to companies which have no immediate prospects of doing business here, but have gone to the expense of opening an office, is to cut their losses, but to keep in touch with Chinese Ministries by making regular visits.

While a number of companies, large and small, are doing just this, big trading companies such as Marubeni, Itoh and Mitsubishi can afford to take a longer view, as can large Western commercial banks which are opening offices here.

Representatives of the banks see some irony in their opening at a time of reduced business activity, but make it clear they are pursuing a long-term strategy.

None of those doing business with China, except perhaps the commodities traders, can feel at all comfortable, however, about recent developments.

Last week, Mr. Gu Mu, head of the Foreign Investment Control Commission, told a visiting Japanese trade representative that China expects a reduction of between 10 and 20 per cent in oil production by the mid-1980s. This slowdown in production of China's main foreign exchange earner is very bad news indeed for foreign companies wishing to sell to the Chinese.

In the same week, People's Daily, the Communist Party newspaper, published a front-page commentary and news story emphasising the twin themes of protectionism and self reliance.

The newspaper observed that "excessive" importation of motor vehicles was harming the local automotive industry. A similar criticism was made of the large-scale importation of television sets.

The paper said imports of machinery and electrical products must serve to protect China's machine building industry, adding that while it is wrong for China to make everything it needs, it is all the more wrong to buy everything from other countries.

The latter observation did little to lighten the mood at the Peking hotel.

RETRENCHMENT IN PEKING

Some of the companies affected

COMPANY	COUNTRY	PROJECT	PROJECT VALUE £m.	STATUS
Davy/Zimmer	UK/W. Germany	Polyester	87	Under review
Constructors John Brown	UK	Polyethylene	26	Work stopped
Schloemann Siemag	W. Germany	Steel	260	Work stopped
Lurgi	W. Germany	Methanol, aromatics	100	Under review
Mitsubishi	Japan	Steel	174	Cancelled
Toyo Engineering	Japan	Ethylene (2)	438	Work stopped
Nippon Steel	Japan	Steel	2,000	Postponed
Mitsubishi	Japan	Acrylic fibres	80	Cancelled
Kaiser	U.S.	Iron ore (2)	555	Cancelled
Turner	U.S.	Trade centre	111	Cancelled

WORLD TRADE NEWS

Caterpillar in \$40m pipe-laying contract with Soviet Union

BY PAUL BETTS IN NEW YORK

CATERPILLAR TRACTOR, the leading U.S. earth-moving equipment group, said yesterday it had won a \$40m order from the Soviet Union for 100 pipe-layers. The Soviet order for Caterpillar's heavy pipe-laying equipment is expected to pose a dilemma for President Reagan's Administration.

The new U.S. Administration has recently heightened its criticisms of the Soviet Union, accusing Moscow of promoting terrorism and warning the Soviets against invading Poland.

At the same time, President Reagan made it clear in his first Press conference after his January 20 inauguration that he would link U.S. trade decisions with the Soviet Union to Moscow's political behaviour. Although he has indicated he favours lifting the grain embargo against the Soviet Union because of the damage this is causing to U.S. farmers, the President has taken a much more guarded approach to other trade links.

The Caterpillar order will now require the approval of the U.S. Commerce Department. In turn, approval could anger some Conservative factions, while rejection could provoke complaints from U.S. industry on the grounds that they risk losing out to foreign competition in the Soviet market.

Indeed, the Caterpillar order coincides with a similar Soviet order for 150 pipe-layers from Komatsu, Caterpillar's principal Japanese competitor.

Caterpillar, which has been forced by slack demand to close plants and put workers on short time both in the U.S. and in Europe, said the latest Soviet order for 100 pipe-layers was "for a variety of uses in a variety of places."

The company also said yesterday that negotiations for an additional 200 pipe-layers were currently suspended with the Soviet Union. Those pipe-layers were to be used on the ambitious 2,400-mile Siberia-Western Europe pipeline project. But Caterpillar said development of the pipeline had been pushed back by the Soviets, and for this reason the negotiations with Caterpillar had been suspended.

U.S. raises steel import prices

BY IAN HARGREAVES IN NEW YORK

MINIMUM prices for foreign steel in the U.S. will be raised by 4.4 per cent from March 1, the Reagan Administration announced yesterday.

The rise is somewhat sharper than the U.S. steelmakers had been expecting and compensates, in their view, for the very small 0.9 per cent increase in prices effective from the beginning of this year.

As this is the first increase in so-called trigger prices since Mr. Reagan took office, the steel industry is taking the announcement as a sign that the new Administration will be more sensitive to their point of view than the Carter Administration.

The next round of increases comes at a crucial time for the domestic steel producers, who have been trying to use a period of unexpectedly strong demand to force their prices higher.

Prices for flat-rolled steel, used mainly in the motor and appliance industries, were increased by 5.5 per cent in January and the increases seem to have held well.

Prices for structural steel are due to rise by 7.5 per cent on March 1, the same day as the new trigger prices take effect.

Although foreign steel priced at the legal minimum will still be substantially cheaper than the list price of domestic structural steel, the 4.4 per cent rise should help to underpin at least some of the proposed domestic increase.

On the negative side, however, the Reagan Administration faces criticism that if it pushes trigger prices too high, it will contribute to stoking up an already high rate of inflation, especially in costs for the country's struggling motor manufacturers.

World Bank lends \$100m to Sri Lanka

BY MERVYN DE SILVA IN COLOMBO

THE WORLD BANK has announced a \$100m (£44m) loan, its largest ever to Sri Lanka, for a major project connected with the multi-billion dollar Mahaveli River irrigation scheme. As co-financier, the Saudi Development Fund has granted a \$80m loan for an associated project.

The World Bank's biggest loan to date was \$53m to the Ceylon Transport Board to buy 1,000 buses and for "institutional improvements" of this huge nationalised transport organisation which has for years been running at a loss.

The World Bank has insisted that the transport system be run profitably and the Transport Minister has reconstituted the Central Transport Board and dissolved nine regional boards. While bus fares have been increased and standardised, the private sector is being gradually brought back into public transport.

A World Bank team at present in Colombo has also approved a loan of \$40m for a rehabilitation programme for the ailing tea industry. Still the island's major exchange earner (50 per cent), the poor performance of the industry has become a nagging worry for a government faced with the prospect of a massive payments problem this year.

While growth in the agricultural sector registered an unimpressive 1.7 per cent last year the performance of the crucial plantation sector showed a decline of nearly 8 per cent.

An ever-widening trade deficit, the steady depreciation of the Sri Lanka rupee and rampant inflation have begun to expose the essential helplessness of a Government which commands a five-sixths majority in Parliament.

HK group gets \$100m loan for bulk carriers

By Our Hong Kong Correspondent

HONG KONG's Wheelock Marden group has signed a \$100m (£44m) loan package to finance construction of three 64,000-tonne Panamax bulk carriers by Burmeister & Wain Skibsvaerft of Denmark. One vessel has already been delivered, one will arrive in April, and the other in June, 1982.

Financing was arranged by the London branch of Marine Midland Bank and Lloyds Bank International. The loan also involves a Danish Government bond scheme introduced to encourage new building orders.

Hong Kong representatives of the lenders describe the financing as unorthodox but declined to give other details.

AP-DJ reports: A record number of ships arrived in Hong Kong harbour last year. The Marine Department said 10,229 ocean-going vessels used the facilities in 1980.

French help for Nigeria railway

BY TERRY DODSWORTH IN PARIS

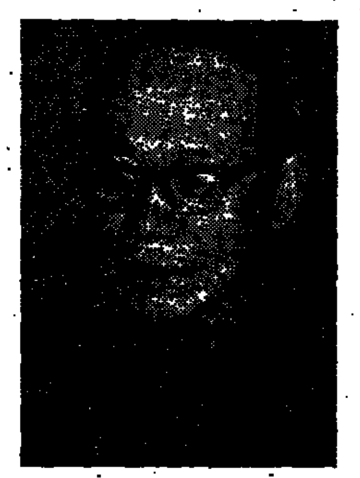
THE NIGERIAN railway authorities have asked Sofrerail, France's Government-sponsored railway engineering group, to take charge of the building programme for a new 680km line between Port Harcourt on Nigeria's south coast and Oturkpo situated directly north, in the central part of the country.

Described as the most important contract won by Sofrerail since a similar deal to supply a railway network in Iran, the Nigerian agreement is estimated to be worth in the region of FFr 375m (£32m). The French concern is to be charged with the initial studies for the project, preparation of bids from equipment suppliers and the supervision of the construction programme. It will also be responsible for the training of Nigerian personnel.

Since its creation, Sofrerail has worked widely overseas, winning contracts in 22 different countries, including India and Brazil.

The contract for the new Nigerian line, designed to link Port Harcourt with the steel works currently being built at Ajaokuta, follow other recent French export agreements with Nigeria.

Among the most important of these was a contract awarded late last year to a consortium of French building companies for FFr 785m worth of work on the construction of a new town at Wari, to the south of Lagos.



Mr. Gu Mu, head of the Foreign Investment Control Commission: bad news for foreigners

Joint ventures may save Japan projects

BY CHARLES SMITH, FAR EAST EDITOR IN TOKYO

CHINA has proposed that the four petrochemical projects which were the subject of cancellation notes recently sent to Japanese plant suppliers should be "re-vitalised" through the establishment of joint ventures between Japanese and Chinese interests.

Setting up joint ventures would mean that Japan would acquire an equity interest in each of the projects instead of merely supplying plant and machinery. Japan would also be responsible for ensuring a supply of feedstock to the four plants, thus enabling China to cut the link between its petrochemical industry development plans and its dwindling oil production.

The Chinese proposal, which seems extremely unlikely to find favour with Japanese businessmen, was tentatively aired during talks last week between two Chinese deputy premiers and Mr. Saburo Okita the Japanese Special Trade Representative. Mr. Okita went to Peking to warn China of the gravity with which Japan views the sudden cancellation of the projects, whose value to Japan in terms of orders for plant and equipment would have been well over Y200bn (£427m).

In addition to putting up the idea of joint ventures, the Chinese leadership also told Mr. Okita that Japan would be required to finance some Yuan 4bn (£1.07bn) worth of domestic costs for the four projects. Another Yuan 4bn worth of funding was requested for the first stage of the Baoshan steel complex outside Shanghai.

Phase Two of Baoshan was indefinitely postponed by China before the end of last year. But the Chinese leaders appear to have told Mr. Okita that work on Phase 1 might also have to be delayed, perhaps by as much as three to four years, if Japanese funding for domestic costs was not available. The total value of China's funding requirements for the postponed or cancelled projects is estimated at around Y600bn.

If Japan rejects the Chinese proposals for "resuscitation" of the cancelled contracts China is expected to offer to pay compensation for the cancelled contracts. Japanese observers, however, doubt whether China has the necessary funds to make such payments and, therefore, assuming that, whatever the outcome, Japan will have to bear a heavy share of the losses.

Detailed negotiations on compensation and other matters related to the contract cancellations will begin on February 24 when the vice-president of China's Technoimport Corporation is due in Tokyo.

UK NEWS

Channel tunnel recommendation expected

BY LYNTON McLAIN, TRANSPORT CORRESPONDENT

A GO-AHEAD for an £800m Channel tunnel is expected to be recommended by an all-party committee of MPs in a report to be published early next month.

The recommendation comes from the House of Commons select committee on transport—it endorses the British Rail/French Rail proposal for a single bore rail tunnel. It is certain to add a powerful stimulus to plans before the Government for a fixed link across the Channel between Britain and France.

These plans range from the £800m single-track, rail-only tunnel proposed by British Rail and French Rail (SNCF) to the £4.6bn to £5.9bn combined viaduct and tunnel scheme from the British Steel Corporation. All the schemes so far proposed are expected to be viable and produce a profitable rate of return on investment.

However, in what is likely to be a crucial qualifying statement, the MPs are expected to add that the British Rail scheme for a tunnel should go ahead only if its proposed diameter is increased to permit lorries to be carried on trains.

Such roll-on roll-off traffic, now carried by ferries, accounts for 90 per cent of all freight over the Channel.

But BR and SNCF have proposed a single-track rail tunnel of only 6.02m in diameter—too small for lorries to be carried on rail rolling stock. Instead, BR planned to concentrate on container freight, which could travel through its tunnel, and bulk freight carried in conventional wagons.

A requirement to increase the proposed diameter of the single-bore tunnel would involve either substantial re-design work or the adoption of competing schemes from the private sector. Appropriate schemes include a proposal from Tarmac Construction for a three-phase tunnel programme.

This would start with the building of a single running tunnel of approximately 7m diameter—close to the 6.85m expected to be recommended by MPs as the minimum. Tarmac has also proposed a 4.5m diameter service tunnel, the same as recommended by BR.

Nevertheless, a single track, rail-only tunnel as proposed by BR would still be viable, according to Coopers and Lybrand Associates, the company which carried out the study on the benefits of fixed crossings over the Channel for the European Commission in January last year. Indeed, in revised forecasts for the profitability of the fixed link proposals, Coopers and Lybrand show that a single-track rail-only tunnel may be more viable than originally thought—with an internal rate of return of 11.8 per cent compared with 11 per cent forecast a year ago.

However, Prof. Christopher Foster, of Coopers and Lybrand, in a lecture at the Institution of Civil Engineers on Monday strongly supported the idea of starting a Channel tunnel project with the larger 7 metre diameter tunnel.

A Government decision is expected by the end of this year.

London and Liverpool dockers offered more to quit

BY WILLIAM HALL, SHIPPING CORRESPONDENT

THE GOVERNMENT has stepped in to help London and Liverpool, the two biggest traditional ports, solve their financial problems. It is offering dockers increased severance payments over a two-month period.

Both ports have been losing substantially and each has more than 1,000 surplus registered dock workers on its books. Both are offering voluntary severance, but the terms are insufficiently attractive to get people to leave.

The Government will pay a special supplement of up to £5,500 per man. This will be in addition to the maximum national voluntary severance scheme. For two months London and Liverpool dockers will be entitled to a maximum payment of £16,000 if they decide to quite.

By limiting the payment to a short period, the Government hopes to attract a substantial number of people. The supplementary payments will be financed separately from the voluntary scheme. The total cost could run above £10m.

The decision marks a departure from the severance schemes which normally apply to all ports. It also marks a change of heart by the Government, which has until now insisted that the ports solve their own problems.

Mr. Norman Fowler, Secretary of State for Transport, said yesterday that a large part of the current operating losses of the Port of London (PLA) and the Mersey Dock and Harbour Company (MDHC) arose from the costs of employing people for whom there is no work now, and for whom there is unlikely to be work in the future. These ports have been particularly hit by the recession.

Mr. Fowler said "substantial numbers of severances are an urgent necessity in both ports if PLA and MDHC are to return to viability."

Both ports are urgently studying the steps needed to restore them to economic viability, and the financial resources required. The Transport Secretary has appointed accountants to advise him and expects to receive their proposals by the beginning of next month.

In December, Mr. Fowler said that he was prepared to consider giving financial aid to Liverpool. The following month he said London had told him it could not become viable within the £70m Government limit.

London and Liverpool welcomed the Government's move yesterday. The PLA said that despite shedding 1,900 employees last yer—some 26 per cent of its workforce—surplus manpower remained one of its biggest problems.

Liverpool noted that it had spent £16.5m on severance over the last four years.

Trailer manufacturer put into receivership despite rescue bid

BY LISA WOOD

R. A. DYSON, the Liverpool-based trailer-making group has been put in the hands of a receiver.

About half the workforce of 128 has already been made redundant by the receiver.

The Ryland Vehicles group, which took over R. A. Dyson 14 months ago, said that a rescue bid was mounted at that time to prevent the failure of the company. Since then the rate of loss had diminished but continued due to the deepening recession which affected markets both at home and abroad.

"The mainstream vehicle distribution and transport businesses of Ryland Vehicles will remain unaffected by this action," said the company.

R. A. Dyson, which was established in 1840, makes a range of specialist trailers including low-loaders. Attempts are being made by the receiver to sell the company as a going concern.

Ransomes and Rapier, the Ipswich engineering company, yesterday announced 78 redundancies—equivalent to about 8 per cent of the labour force. The company blamed the redundancies on a slump in orders for cranes.

Express Lifts, of Northampton, high speed lift manufacturer, is to make 50 of its 600-strong workforce redundant because of a drop in orders.

Eastern Roadway Company depot at Ruskington near Sleaford is to close with the loss of 21 jobs. The company, owned by P & O, will issue redundancy notices later this week.

NSB seeks investment deposits by post

By Tim Dickson

THE NATIONAL Savings Bank today introduces a Save-by-Post service which enables investors to make deposits in its Investment Account by completing a coupon to be published in most national newspapers.

Those who wish to add to existing Investment Account deposits will be able to do so by sending money direct to the NSB in Glasgow, enclosing their bank book. All transactions may be made by Freepost.

The Department for National Savings says the postal facility is aimed mainly at the elderly and disabled or those who live some distance from a post office. The service is, however, open to everyone and should help the Government tap the personal savings sector.

Until today NSB deposits could be made only at post offices, though some other National Savings instruments are available at branches of the Trustee Savings Bank.

Interest paid by the NSB Investment Account is currently 15 per cent, one of the most attractive deposit returns on the market. More than 140,000 of these have been opened in the past three months. The maximum holding was raised from £50,000 to £200,000 at the end of last month.

This measure—together with the granny bonds and the increase in the maximum holding of the 19th issue savings certificates from £1,500 to £5,000—is intended to help the Government reach its target of £2bn from the personal sector in 1980/81.

The granny bonds have met with a disappointing response, but at the end of January some £1.6bn of net new money (including accrued interest) had flowed into National Savings. Officials are confident that the remaining £400m can be found in the next couple of months.

Gaming licence appeals begin

APPEALS against the cancellation last September of gaming licences at three London casinos formerly owned by Coral Leisure Group began at Knightsbridge Crown Court yesterday.

They are the Palm Beach Casino Club, now fully owned by Grand Metropolitan which formerly owned a third; the International Sporting Club bought by Lonrho; and Mr. John Aspinall's Curzon House Club.

Coral was recently acquired by the Bass hotels and brewing group.

Company crimes cost insurer £1.8m

THE Guarantee Society, a member of the General Accident Group and a leading fidelity insurance company, paid out an estimated £1.8m for crimes committed in 1980 by employees against their employers.

Mr. Douglas Procter, the society's manager, said the claims were not solely confined to pilfering or raiding the petty cash by ordinary employees. The largest claims covered fraud at director and senior management level.

Theft and fraud was a national problem, with losses running at about £750m a year or £2m a day. Most of these losses were not insured.

Times supplements print on contract

THE TIMES Literary Supplement was printed on the presses of the Chronicle and Echo evening newspaper in Northampton last night, as part of a short-term contract. The Educational and Higher Education Supplements will also be printed there until the work has been put out for tender.

Lambeth may impose second extra levy

BY ROBIN PAULEY

LAMBETH ratepayers could face a second supplementary rate to make up the loss in penalty which the Government is likely to impose on the council for levying the first supplementary rate last month.

Lambeth council, led by Mr. Ted Knight, is running into increasingly hostile resistance from its ratepayers over its policies of high spending without any cuts in services or staffing levels.

Lambeth levied a general rate of 163.9p in the pound and a domestic rate of 145.4p in 1980-1981. These were increased by 20p in the pound by the supplementary rate levied last month to meet an expected £11m shortfall in the borough's finances to the year end on March 31.

Lambeth had already lost more than £4m grant in penalties for its high rate and expenditure levels. The supplementary rate pushes those figures higher which means a new penalty of between £400,000 and £500,000 might now be imposed.

If so, that could require a new supplementary rate unless the council included this possibility in its first supplementary.

Lambeth ratepayers are becoming noticeably more reluctant to pay their rate bills.

Mr. Jack Halligan, Lambeth's finance director, is warning the council that its planned expenditure of £108m in 1981-82 will be £37m above the Government's assessment of the amount it needs to spend to provide a standard level of services.

● Six of the eight London boroughs which were penalised by a cut in grant for their spending in 1980-81 have won the right to contest the case in the High Court.

Brent, Camden, Hackney, Hounslow, Tower Hamlets, and Waltham Forest claim that Mr. Michael Heseltine, Environment Secretary, acted unfairly, unreasonably, and illegally. The affidavits were deposited on Friday and Mr. Justice Forbes yesterday granted leave for the councils to bring their case.

BL opposes £1.3m rate rise for Midlands plants

BY LORNE BARLING

HEAVY RATE increases in the West Midlands, many imposed after a strike threat by local authority employees, are certain to cause further unemployment and damage to industry in the area, councils were warned yesterday.

BL strongly opposes rate increases likely to add £1.3m in the next financial year to its costs at Longbridge, Coventry and Solihull. It says the additional charges cannot be recovered and will inevitably affect long-term plans.

At Longbridge it is estimated that the rates bill will increase from £2m to about £2.5m. Rates for the two Jaguar factories at Coventry will rise from £600,000 to nearly £1m. At Solihull the rates will rise from £1.4m to around £1.8m.

Land-Rover estimates that the higher rates at Solihull will add between £8 and £10 to the cost of each vehicle, which cannot be recovered through higher prices at the moment. A similar situation exists at other affected BL plants.

Proposals by Birmingham City council's Labour group to raise the commercial rate by more than 30 per cent, despite warnings from the Confederation of British Industry and the Birmingham Chamber of Commerce, seem likely to be implemented.

Mr. John Warburton, director of the chamber, said yesterday that while the council had financial problems, it should realise that it was hitting the wealth-generating sector of the community.

"This is an explosive issue and councils should also recognise that by saving the jobs of their own employees, they are certainly putting others out of work," he said.

"Industry is increasingly angered by the fact that it pays nearly 60 per cent of the rate income of the city, but gets no say in matters like this," said Mr. Warburton.

Opposition in Lords to Lloyd's regulation Bill

BY JOHN MOORE

LLOYD'S of London, the insurance market, faces opposition to its Bill for improving its self regulation from a number of members of the House of Lords.

Mr. Peter Green, Lloyd's chairman, who left London yesterday for a three week tour of the U.S., said: "Lloyd's will shortly have talks with certain members of the House of Lords who may have reservations broadly similar to the views expressed by some MPs."

But he said: "I was happy to hear from Sir Graham Page (who is steering the Bill through the House of Commons on Lloyd's behalf), "that he is very near agreement with the MPs who have expressed particular interest, on all of the main points at issue."

Lloyd's is very near to a compromise on the issue of fraud and whether suspect or doubtful insurance claims should be notified to a new Lloyd's ruling council.

A provision is likely to be added to the Bill requiring confidentiality for information provided by a broker or underwriter at the council's request. In this way there should be little deterrent to the disclosure of fraud.

Shilling fetches £5,800

CHRISTIE'S HELD three sales yesterday—of netsuke, silver and coins. The coin auction did particularly well, totalling £212,980, with just 2 per cent bought in. Baldwin, the London dealer paid £5,800 plus the 11.5 per cent buyer's premium and VAT for a Massachusetts Willow Tree Shilling of 1652.

R and L Coins gave £5,000 for an Edward VI sovereign, while a Charles II five guinea piece made £4,200 to Bord. Two groups of 50 sovereigns of Elizabeth II realised £3,600 each.

A William IV silver gilt two-handled vase shaped cup by Paul Storr, 1836 on a later plinth, was acquired by Koopman for £4,800 in the silver sale and the same dealer paid £3,800 for a Dutch-shaped square tobacco box and cover by Jan van Hofken, 1725, and a similar sum for a set of four Victorian candlesticks and three light candelabra by W. and G. Sissons, 1867.

The Early Settlers Museum of Dunedin, New Zealand, paid £3,200 for a New Zealand two-handled cup of 1870, signed C. Young. Top price in the netsuke sale was the £1,900 for an ivory netsuke of a Tokaido porter holding his stomach, signed Sanshō of the Osako School, 19th century.

At Christie's South Kensington about 150 lots of Mauchline ware, produced in Scotland between the early 19th century and the 1930s, sold for £5,426.

Reinsurance scheme challenged as 'invalid from the outset'

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

SASKATCHEWAN Government Insurance is claiming in the High Court that a reinsurance agency agreement it operated for five years had been invalid from the outset.

The fact that SGI had operated the agreement did not preclude it from now claiming that it had never had the power to enter into it, Mr. Alexander Irvine, QC, for SGI, said yesterday.

The 1975 agreement, with Reinsurance Management Corporation, was void, and SGI had been entitled to end it last November, said counsel.

The Commercial Court is being asked to rule on the validity and enforceability of the agreement before disputes that have arisen from it go to arbitration.

SGI is a Crown Corporation incorporated under Saskatchewan Government Insurance Acts. It contends that a 1965 Act limited its powers to undertake reinsurance and that it did not have the power to authorise RMC to accept "all classes" of reinsurance business on its behalf.

RMC contends that the agreement is valid and that SGI was not entitled to end it.

Mr. Irvine said that, even if the court ruled the agreement invalid, SGI would honour any treaties entered into under it.

Earlier he had told the court that in August, 1979, SGI had received a quarterly statement of account from RMC which disclosed claims totalling C$6 (£2.2m). That had come as a shock because until then SGI's position on RMC's book of business had been a net profit of C$459,569.

Investigations had shown that the main source of the losses had been a reinsurance treaty with Home-AFIA, an American insurance partnership.

Mr. Irvine said that if the matter went to arbitration, SGI would allege that RMC had had a conflict of interest: that RMC ought not to have accepted the Home-AFIA treaty, because Home-AFIA's brokers were Kingaby Simmons Reinsurance Brokers, the firm from which much of the business accepted by RMC came.

SGI would also allege that there had been a conflict of interest in RMC's acceptance of reinsurance from Dublin International Re, which was controlled by Mr. Douglas Kingaby, of Kingaby Simmons.

The hearing continues today.

Government plans to introduce a data protection law

BY GUY DE JONQUIERES

THE GOVERNMENT plans formally to commit itself within the next few months to introducing a data protection law, in response to warnings from large financial and industrial companies that continued delays could damage their business interests.

If this threat materialised, these companies might be forced to relocate their databases and substantial numbers of staff in other countries where the use of data was legally protected.

The legislation envisaged by the Government would be given practical effect through codes of conduct to be worked out in consultation with professional and business groups and with public authorities.

The planned codes would lay down guidelines governing the collection of information, the uses to which it was put and the right of individuals to obtain access to data which concerned them.

But draft legislation is unlikely to be submitted to Parliament before next year and is expected to be considerably less far-reaching than laws already in force in many European countries, including France, West Germany and Sweden.

Several companies which keep their European computer data bases in the UK appear to have convinced the Department of Industry that there is a genuine danger of other Governments using their national laws as a trade weapon by restricting the flow of electronic data across their borders.

But the Government does not intend to create a special new body to administer the law, as most other European countries have done. It doubts that there will be sufficient public demand for personal data to justify setting up a new bureaucracy.

Both the Younger and Lindop Committees, which reported in 1972 and 1978 respectively, urged Government action on data protection.

Brewery used substitute for Bacardi, court told

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

A "DOUBLE FRAUD" was involved when public house customers asking for Bacardi rum were served with Courage's Dry Cane rum, a QC said in the High Court yesterday.

There was a fraud on Bacardi as producers and a fraud on the public, who were not getting the drink they had ordered, said Mr. Charles Sparrow.

It was a particularly insidious form of passing-off: the substitution of one brand for another, without explanation and without the customer's agreement, he told Mr. Justice Walton.

Mr. Sparrow was opening Bacardi's claim for an injunction to stop Courage passing-off its rum by such substitution.

He said that last September Bacardi had placed two test orders for Bacardi white rum in each of 400 Courage outlets, 305 of which were Courage-managed.

The evidence of substitution had been sent to Courage.

In November the 41 outlets where substitution had been found had been checked again. There had then been no substitution.

He said that earlier legal proceedings had been settled on *Courage's undertaking that* there would be no more substitution. But preventable substitution was still going on.

Courage said substitution was not easy to eradicate but it had done all that could be expected of it.

One of the least attractive features of the case, Mr. Sparrow said, was Courage's suggestion that "Bacardi" had become almost a generic term for rum.

Bacardi did not accept that; but, if it were true, then Bacardi was critically vulnerable to passing-off damage—and Courage was asking to be left to go on causing damage by substitution.

The hearing continues today.

Inspectors frustrated in Dunlop shares inquiry

Andrew Fisher examines the Department of Trade's interim report

THERE IS more than a hint of frustration in the Department of Trade's interim report on the heavy Malaysian buying of shares in Dunlop Holdings, the UK tyre and rubber group.

The report, published yesterday, comes not long after the Government decided it cannot deal with secret share build-ups in the new Companies Bill, and highlights the ease with which foreign investors can hide behind nominees.

In Dunlop's case the two inspectors appointed by the Department last July decided not to recommend that legal sanctions be used against the publicity-shy shareholders.

This is not, apparently, because these would not be justified but because of the problems of picking out which actual holders of shares have failed to co-operate. The Government has powers to disenfranchise shares in certain cases.

Dunlop found out last year, after the appointment of the inspectors, that interests controlled by Mr. Ghafar Baba, a prominent Malaysian politician and businessman, had been large-scale buyers of its shares.

Mr. Ghafar successively disclosed holdings of about 5, 10 and finally 17.5 per cent but Dunlop had no way of identifying the actual shares he owned on its register.

The inspectors relate how the holdings of the Goodyield group, one of Mr. Ghafar's companies, and connected shareholdings were treated as a "pool."

They said: "It is possible that this 'pool' in the wider sense, reached 5 per cent before the group declared its interest under Section 33 of the Companies Act."

Under company law all holdings of more than 5 per cent have to be notified within five days. But a major problem in keeping track of shares bought from Malaysia is the secondary market which develops there.

It is common practice, the inspectors said, for shares in British companies of local interest but not locally listed to be traded in under "street names"—those of nominee companies—in effective bearer form.

"It is therefore both usual and inevitable for these nominee companies to have no knowledge of whom the beneficial owners for the time being are," they said.

A key role in the Far Eastern share accumulation has been played by Lorient, a nominee company of Laurence, Prust, the London stockbrokers. By November 24, Dunlop share registrations in Lorient's name totalled more than 19.4m shares.

Lorient was one of the names through which Mr. Ghafar's purchases were made, another being Guimaco Nominees, associated with merchant bank Guinness Mahon.

The inspectors said they were told by Laurence, Prust that some of the Dunlop shares in their name had been purchased on instructions of Kuala Lumpur and Singapore brokers.

The inspectors suggested to Mr. Philip Darwin, senior partner of Laurence, Prust, that the way Lorient had been set up had led to Dunlop being unable to obtain details of the real owners of a large slice of its shares.

"He replied that had Lorient not existed all these shares might, instead, be registered in the names of nominee companies operated by persons overseas."

The inspectors obtained little satisfaction from Kuala Lumpur Stock Exchange, which said it could not help them in their investigations.

They also looked at other Malaysian purchases but said they were unable to show there was any question of interests acting in concert. "We were not able to show that other identifiable large shareholdings were connected with the Goodyield group."

Nor, they said, had they been able to identify most clients of Malaysian and Singapore stockbrokers.

Department of Trade Interim Report into Dunlop Holdings. HMSO, £6.

Support for water rates

THE NATIONAL Consumer Council is opposed to a switch to domestic water meters as an alternative to the water rates system.

In a submission to the National Water Council, it says that although the water rating system is not perfect, it would be too costly to switch.

"We are against any more domestic water meters being installed until far more thought has been given to other methods of paying for water," says Mr. Jeremy Mitchell, the council's director.

Almost 20,000 Lancashire textile jobs lost in 1980

BY RHYS DAVID, TEXTILES CORRESPONDENT

EMPLOYMENT IN the Lancashire-based cotton and allied textile industry fell by slightly less than 20,000 last year, bringing the total down to 44,150.

The decline of about one third in the number of jobs in the sector was roughly in line with the drop experienced in output over the year as a result of weak market conditions in the UK and heavy import penetration, particularly from the U.S.

Yarn production in December was down 6.5 per cent on the previous month and 47 per cent on the same month a year earlier, and output for the year fell by 26 per cent.

Stocks held by spinners declined for the sixth successive month.

The situation in weaving, as reported by the Textile Statistics Bureau, was almost as depressing, with woven fabric production in December falling 3 per cent on November and 35 per cent on the same month in 1979.

Output in 1980 as a whole was down 22 per cent by metre and 26 per cent by weight.

The sector is not expecting any substantial relief until there are some signs of a return to stockbuilding at retail level.

The most recent CBI-National Economic Development Office survey of trends in the textile pipeline suggested, however, that some further cuts in stocks in the shops may still be taking place, with retailers planning to move permanently to lower overall stock levels.

The British Textile Employers' Association, representing Lancashire producers, is to mount a new buy British campaign with the slogan, "Think British before you buy."

● *High energy costs were helping to drive companies out of business and those still surviving were not generating sufficient funds to invest in fuel efficiency, Mr. Stephen Gibbs, chairman of Turner and Newall, and newly appointed chairman of the CBI's energy policy committee, warned last night.*

Speaking in Manchester he repeated the CBI's call for industry to be given more competitive energy costs.

£2.3m complex for Woolwich

KEYSWITCH Varley, part of Thorn EMI, is to build a £2.3m complex in Woolwich, south-east London, to house a factory, development laboratory and administrative offices.

The complex to be completed late next year, will replace the company's two existing Woolwich factories. These employ about 270 people and the project is expected to create about 100 jobs over the next few years.

Keyswitch Varley manufactures electro-mechanical relays and related precision components.

UK NEWS

No curbs on BR electrification urged

BY RAY DAFTER, ENERGY EDITOR

MR. GLYN ENGLAND, chairman of the Electricity Generating Board, last night urged the Government not to frustrate plans for the electrification of the main line railways through any arbitrary limit on public sector borrowing.

He welcomed the findings of a joint British Rail/Transport Department study which concluded that a 20-year investment programme could lead to over 80 per cent of passenger and about 70 per cent of freight traffic being hauled by electric power.

Mr. England, who was delivering the Institution of Mechanical Engineers' 17th Sir Seymour Biscoe Tritton lecture in London, said railway electrification provided a fine investment opportunity with scope for a significant private sector contribution.

The financial assessment of electrification recognised the view that the cost of producing electricity, underpinned by nuclear power, would advance significantly less rapidly than the price of diesel fuel, Mr. England added.

The extra usage of electricity arising from the proposed British Rail modernisation plan would be quite small; for the largest programme — the favoured option—it would be less than 1 per cent of present UK electricity consumption.

"But a main argument in the report is that electrification will replace significant amounts of fuel oil — for that same programme the savings could be nearly 120m gallons of diesel oil a year. Even allowing for all the uncertainties, a move in this direction can hardly be wrong."

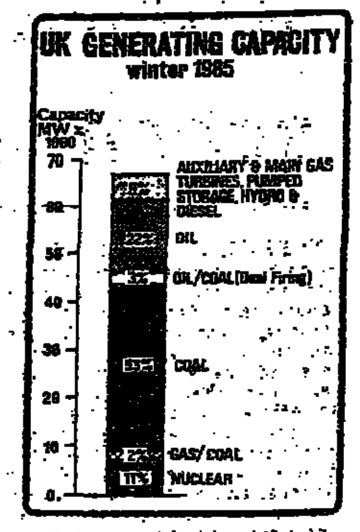
Speaking of the advantages of electrification, Mr. England said that the British Rail plan would provide a valuable shop window for UK suppliers. Electric locomotives had the advantage of being lighter, cheaper, more durable and more reliable than diesels.

But electrification involved long lead times; a coupling of a strategic decision in principle with a commitment to invest and move forward.

"This is something which we in this country seem not to be very good at." Mr. England hoped that there would not be a close parallel between transport and power.

"In the development of the civil nuclear programme there had seemed to have been more delight in reviewing propositions than in achievement; to prefer digging up the plant to look at the roots rather than enjoying the full bloom."

Even now there were people who wanted to call a halt to the nuclear power programme before the electricity industry had really started.



Competing energy technology favoured

By David Fishlock, Science Editor

THE GOVERNMENT'S role in energy supplies should reflect a firm commitment to the development of competing technologies and a flexible approach to their implementation in detail.

Sir Francis Tombs, former chairman of the Electricity Council and now an adviser to N. M. Rothschild, put this to energy industry leaders, members of the Fuel Luncheon Club and the Electricity Industries Club, at a joint meeting in London yesterday.

He said the UK needed diversity of potential supplies and humility about future demand forecasts. But no one should underestimate the difficulties of getting across to the public the need for a flexible approach based on uncertainties.

Most people, he said, did not want to be confused by complex arguments. They expected their leaders to be positive and decisive. Such people would have great difficulty in understanding the message.

At the other end of the spectrum were those who opposed all large, new projects, especially energy-related ones. For this group the uncertainty underlying a flexible strategy would provide a tempting target and one with a large capability for mischief-making.

Sir Francis said Britain's future was clearly going to rest heavily on coal and nuclear power.

Sir Francis said the increasingly successful performance of the four advanced gas-cooled reactors at Hinkley and Hunterston gave him great confidence that the new AGR stations would be the precursors of a continuing programme for some decades.

● The first report from the Parliamentary Select Committee on Energy, dealing with the Government's policy for nuclear power, will be published today.

£80m EEC aid for regions

Financial Times Reporter

THE Common Market has allocated £80.85m towards capital projects being undertaken in the UK in the first transfer to be made from the Community's regional fund out of the 1981 budget.

The largest amount, £71.95m, goes towards infrastructure programmes. There are also grants towards three industrial projects in Scotland and one in Northern Ireland.

Regional fund money goes directly to the spending authority, usually a local council, where infrastructure projects are concerned but in the case of industrial undertakings the cash goes to the Treasury for central government finances.

Scotland receives almost half the allocation of EEC money.

Most of the grants are small: the five English regions which receive assistance get £31.1m towards 117 projects. The Morpeth telephone exchange in Co. Durham, for instance, gets something towards the installation of extra equipment.

Japan may add plants in Britain

THE CONCERN of Japanese industrialists about the friction they are causing in Europe by the success of their exports could lead them to establish more manufacturing plants, especially in Britain, Mr. Robin Duthie, chairman of the Scottish Development Agency, said yesterday.

Mr. Duthie recently led a Scottish industrial mission to Japan and found exporters increasingly aware of the poor image their market penetration was creating in Europe.

He said: "They see clearly they have to try to reduce this by establishing plants in other communities." Japan had recently established a Department of External Affairs to encourage small and medium-sized companies to look at the possibility of investing abroad.

"This marks quite a significant change in the attitude of the Japanese Government," Mr. Duthie said.

But he emphasised that his mission had not explored the possibility of Datsun establishing a plant in Scotland.

Licensees warn that increases in duty could cause more closures

BY GARETH GRIFFITHS

THE TWO main public house licensee organisations have told the Treasury that any increases in duty on drinks could lead to more public house closures.

The National Association of Licensed House Managers, which represents 14,500 public house managers, said yesterday that further taxation on drink could put in jeopardy many public houses. Such closures would be "a blow not only to the industry, but also to the service rendered to the community."

The 30,000 strong National Union of Licensed Victuallers is also concerned over a cut in demand caused by increased duty. It warned the Treasury last week about the dangers of increased taxation.

The licensee organisations have told the Government that public houses are bearing the brunt of the sharp decline in beer sales over the past nine months. Public house takings have lagged behind inflation and most forecasters expect a decline in the numbers of public houses up to the mid-1980s.

Scottish and Newcastle Breweries increased the price of its beers by 1p a pint this week. Scottish and Newcastle put up prices 2p a pint in September.

● Matthew Clark, the UK distributors of Martell Cognac, is next month to launch a new style bottle for the main Martell brands as part of a campaign to stop sales slipping.

Cognac sales in the UK fell by 16 per cent last year to about 1.3m cases and Martell has suffered a similar fall. The company claims about 40 per cent of the UK market, the second most important for cognac after the U.S.

Matthew Clark is distributing promotional to all licensed outlets in the UK apart from grocery stores. Martell sales will also receive a boost from May 1 when it becomes the house cognac in all Bass managed outlets.

Cognac importers and manufacturers are worried about the future of the UK market which until recently was thought secure. The Cognac industry has funded a new information centre in London to increase awareness of Cognac.

Welsh TV propaganda warning given

THE PROPOSED fourth television channel in Wales could become a funnel for nationalist propaganda. This warning was sounded yesterday at a hearing in Caernarvon of the Parliamentary Select Committee on Welsh Affairs. The committee is holding an inquiry into broadcasting in the principality.

The note of caution was sounded in evidence presented by the Language Freedom Movement, a pressure group.

For the movement, Dr. Michael Hughes, a university lecturer from Aberystwyth, said: "There must be vigilance to ensure that the channel does not become a vehicle for the propagation of one particular viewpoint. The very existence of it is a symbol of separatism."

The Select Committee, chaired by Mr. Leo Abse, Labour MP for Pontypool, was sitting at Gwynedd County Council headquarters. It is using the simultaneous translation equipment installed for the benefit of the eight of the 66 council members who are unable to speak Welsh.

Of the 15 witnesses examined by the MP over the two-day hearing, all except the three from the Language Freedom Movement were fluent Welsh speakers.

The hearing was historic because it was the first time that parliamentary business had been conducted in a language other than English.

Water workers' action spreads

BY PHILIP BASSETT, LABOUR STAFF

UNOFFICIAL INDUSTRIAL action by north-east water supply workers spread to three more depots yesterday while another regional conference of the industry's largest union rejected the employers' 10 per cent pay offer and called for an official national strike.

About 150 workers at five Northumbrian Water Authority depots, all members of the General and Municipal Workers' Union, are taking part in an overtime ban and refusing to stand by or be called out to emergencies except at hospitals or old people's homes.

The depots are at Durham, Consett and Bishop Auckland in the Wear division, and at Ashington and West Shields in the Northumberland and Tyne division.

The action is not affecting supplies at present as there have been no emergencies.

The North-East water area committee of the National Union of Public Employees, the industry's second-largest union, rejected the pay offer and called for a strike from February 26 unless it was improved.

Mr. Dennis Down, NUPE local official, said some members wanted to take unofficial action, following that of the GMWU members. "We have had to advise them against it, but I am not saying they will go away and accept that."

The London and East Anglia region water delegate conference followed other GMWU votes in the North-East, Wales and the South-West in rejecting the offer by 50-14.

Delegates called for the union side at its meeting on February 25 to give seven days' notice of a national strike if the offer was not increased.

They called for further negotiations to raise the offer "above 15 per cent." Mr. Bill Holland, GMWU London regional officer, was not hopeful it would be increased.

"The employers have already said they are not prepared to go beyond 10 per cent and I think it is fairly significant that Mrs. Thatcher has described the offer as fair."

A confidential circular to members from Mr. Eddie Newall, GMWU water national officer, states: "The generally held view of the trade union side is that the likelihood of achieving further improvements on the final offer by negotiations is remote.

"The employers did move last time under the threat of industrial action, but we don't believe they will again."

Mr. Newall said that if the vote and those of the North-East and Wales could be taken as barometers of the feeling in the rest of the industry—and there was every justification that they could—"then I think the inevitable will happen."

The GMWU's important Southern region votes today.

Electrical staff awarded 13% arbitration rise

A 13 PER CENT Arbitration Board award for 34,000 white collar electrical workers was announced yesterday after a clash between board members.

Sir John Wood, the chairman, acted as umpire and decided the amount himself. His decision was accepted by both sides, but the union, the EEPTU remained dissatisfied with the board's handling of the claim.

Mr. Tom Rice, the electricians' leader, said that Mr. David Staines, the employers' member on the board, and an industrial relations director with Costain, had a direct interest as a director of a civil engineering company.

The union has written to the Advisory Conciliation and Arbitration Service asking it to clarify its procedures.

Sir John stepped in and invoked his right to act as umpire after a disagreement between Mr. Staines and the union representative, Mr. Leif Mills.

The union's claim was based on a comparability study which gave rises of between 24 per cent and 30 per cent.

The award means that the basic salary of the lowest paid site supervisor will go from £5,510 to £6,226 a year from January 1. That of a top grade contracts engineer will rise from £7,662 to £8,658 and after five years' service to £9,403. The London weighting allowance has been increased from £579 to £[illegible] a year.

Nottinghamshire miners support a strike but may think security is preferable, writes **John Lloyd**

Consensus unites the canniest coalfields

WHEN Mr. John Boot, secretary of the New Hucknall colliery branch of the National Union of Mineworkers, went into the pithead baths on Monday miners coming off the shift called to him: "Best get our rest days in soon, John. We shall be out next week."

"The lads are getting ready," he told his fellow officials later. Mr. Boot is what is commonly termed a "moderate." He says of himself: "I'm no follower of Arthur Scargill."

He has worked at New Hucknall all his life and been active in the union branch, as his father and grandfather before him. His colleague, John Bonser, the pit's delegate, has the same history. They, like their members, are also ready for industrial action.

They have, it could be argued, little to lose. New Hucknall, which celebrated its centenary five years ago, is scheduled to close in August. Mr. Donald Davies, the South Nottinghamshire area director, restated the two-year-old decision yesterday, although an appeal against the decision awaits a national hearing.

Others who do have something to lose, however, agree. Mr. Fred Croome is secretary of the Calverton colliery branch. It is a big pit, with 1,500 men producing nearly 1m tonnes of coal a year. It is largely manned by miners who have transferred in from Scotland and Teesside.

Yet Mr. Croome said: "We have got no option but to support the union's executive committee if it calls for action. We are putting all our coal on the floor (stocking it). Eventually it will affect us. We are not fools."

"Moderates" are often defined by their frequent characterisation of calls for strike action as foolish or premature. Now, moderates like Mr. Croome, Mr. Boot, Mr. Bonsor and their members are coming to the conclusion, not without some fears, that the foolish man is he who will not strike.

And so the moderate Mr. Ray Chadburn, the Notts president, who prides himself on knowing what his members are feeling and on not running too far in front of them, at the NUM national executive committee meeting in London tomorrow, will argue as he did last week for a national ballot of the members with a strong recommendation for industrial action.

What factors underlie this consensus in the National Coal Board's canniest area?

● Firstly, there is the immediate one of closure. Yesterday the NUM leaders were told, as they already knew, that the board would shut New Hucknall. They were also told what they did not know, that it would merge Babbington and Hucknall collieries. "Which means closing Babbington," said Mr. Chadburn.

In all, that means a drop in miners' jobs in South Notts from more than 16,000 to more than 15,000 over the next two years. This is far from savage; as Mr. Chadburn is the first to admit. But it is enough to bring the area into the camp of the victims.

New Hucknall has been a matter of contest for some time. "Two years ago we drove into a new area which was supposed to give us 10 new faces," said Mr. Boot. "But we found it was waterlogged and we could only work on two.

"Now we say we could drive into another area with enough reserves for two more years. But the board says it's beneath an industrial estate and it could not be done economically because of the subsidence."

He pauses. "Anyway, we're opposing it. We had a meeting and I told the lads, it's either a dog's chance or none. So they said take the dog's chance and fight it."

● Second, the Notts men share feelings expressed in every area. These are that to cut capacity when imports are running at 8m tonnes a year, and when miners have been co-operating successfully with a productivity drive, is something of a betrayal.

The second point is probably more important than the first. Branch secretaries feel they have turned themselves into arms of management by exhorting their members to work harder and turn out the coal, only to see it put on the floor. "What do you say to them?" said Mr. Boot. "They've worked themselves out of a job."

● Third, there is solidarity with other areas, like Kent, South Wales and possibly Scotland, which have borne the brunt.

"It's not a Nottinghamshire fight, it's a national fight," said Mr. Chadburn.

Mr. Bonser believes that the South Wales miners will send pickets to other areas, his own included. "If they do, we won't cross them. Nobody will." He may, of course, be wrong.

Notts miners may reflect in the days ahead that security in an unemployed world is preferable to solidarity. In Hucknall miners' club on Monday night discussion on that point was open and divided. The view was expressed that, after all, the older fields of Wales, Scotland and Kent could not be kept going for ever.

Mr. Chadburn notes that the many transferees into the area often say "No one fought for me when my pit closed. Why should I fight for others now?"

Yet no one said they would cross picket lines, nobody argued for ignoring the other areas.

A more powerful argument, perhaps, may be the size of redundancy payments. Sums of £20,000 have been rumoured to be available.

The steel-workers provide a handy example of men who, by and large, preferred cash to conflict. But again, the common line is heard everywhere: "It's obviously only two years' money—and then there's no job."

Consensus here, and on the other issues, appears to be solid.

● Finally, indefinably, but perhaps most importantly, there is the widespread dislike of being told to move. "You close a pit here and you close a community," said Mr. Chadburn.

The point is not always literally true. Many miners live in towns no longer dependent on pits. But it is felt to be true.

The Hucknall miners' club has the air of being the centre of a working community which knows itself and has settled to an acceptable way of living where few faces are strange and most experiences are shared.

Upstairs on Monday night they had put on a disco for the kids. Downstairs were family groups and tables of men off the afternoon shifts.

Many of these would not, like Mr. Boot and Mr. Bonser, have been in the pits for generations. But enough had been there for the culture to reflect their predisposition to stay. Moderates can be militant in their conservatism, the more so when change is demonstrably for the worse.

Firemen's pay talks break down

BY PAULINE CLARK, LABOUR STAFF

BRITAIN's 36,000 firemen appeared on course for another major confrontation with local authorities in defence of their pay formula agreement yesterday after employers refused to reverse a decision not to use the formula in future wage negotiations.

After talks between the Fire Brigades Union and local authority employers broke down yesterday, Mr. Ken Cameron, general secretary of the union, said: "They told us they have not changed their minds. They are unilaterally ending our agreement which can only lead to more industrial action in the fire service."

The union is now seeking an urgent meeting with Mr. William Whitelaw, Home Secretary, to appeal for Government pressure on local authorities not to breakaway from the formula, which the union says is designed to take firemen out of the industrial action arena in the annual wage rounds.

Mr. Brian Rusbridge, secretary of the employers side, said employers could no longer abide by the 1977 index linking pay agreement with firemen because the cash was not there to pay for it.

Money still had to be found, he said, for the 18.8 per cent staged deal awarded to firemen under last November's pay settlement.

The Association of County Councils which strongly resisted implementation of the agreement in last year's confrontation with firemen underlined its determination to end the argeement.

The firemen won the agreement after a nine-week strike during 1977-78.

Lucas brake plant ballot on saving jobs

WORKERS AT the Lucas Girling disc brake factory, Bromborough, Wirral, yesterday began a ballot to see if they want to continue the campaign to save 921 jobs. The results should be released today.

Independent counters have been called in. The ballot sheets have two proposals. The first is that the workers should accept a management offer of retaining the plant's railway brake section and so keep 250 jobs. The second is that they should take "industrial action to gain more jobs."

A shop steward said he would not like to hazard a guess about how the voting would go. Management originally wanted to close the entire factory by July.

Computer staff may step up action on parity

By Our Labour Staff

UNION LEADERS of 1,800 health service computer staff will tomorrow consider an intensified campaign of industrial action in support of a claim for pay parity with computer workers in the private sector.

This follows the breakdown of talks yesterday. The National Association of Local Government Officers said health service employers had refused to provide extra money in order to raise the pay of computer staff by between £515 and £1,069 a year and bring them in line with the market rate

Employers have told the union that the increase could only be funded by reduced pay awards to other health service workers.

Working to rule and other forms of industrial action have already been introduced by NALGO computer staff in some regions.

Scottish banks reply to 20% pay claim

BY OUR LABOUR STAFF

THE SCOTTISH clearing banks yesterday replied to the Banking, Insurance and Finance Union pay claim but made no formal offer.

The three banks are the Bank of Scotland, the Royal Bank of Scotland and the Clydesdale. Their representatives stressed the importance of the banks' settlement within the overall state of the economy.

They also referred to what they believed to be substantial improvements in salaries, and to other benefits, bank staff had received over the past few years, and to the effects of accumulated increases in staff costs.

The union submitted an across the board 20 per cent claim which it says the banks can meet. It also seeks consolidation of arbitration payments made last year, which range from £75 to £225. It also wants a Christmas bonus worth $2\frac{1}{2}$ per cent of salaries.

The negotiations affect 17,000 staff. They are running in parallel with those of the English clearers who today are likely to improve on their 8.5 per cent offer.

The English clearers are determined to keep within single figures. Both BIFU and the Clearing Bank Union are consulting their membership on their attitude

Dagenham plant output resumes

FORD has resumed normal production at Dagenham and is moving components between that and other sites by its own truck fleet. Picketing by Silcock and Colling drivers is still disrupting the movement of finished vehicles.

UK NEWS — PARLIAMENT and POLITICS

Thatcher treads warily on pit closures

By John Hunt, Parliamentary Correspondent

MR. NORMAN St. John Stevas, who lost his job as leader of the House in the recent Government reshuffle, popped up on BBC radio yesterday morning promising to do everything in his power to persuade the electorate of "the human face of Conservatism."

Had he been in the Commons during the afternoon he would have seen Mrs. Thatcher taking some faltering steps along this particular road as she answered questions on the pit closures dispute.

The Prime Minister seemed only too aware of the old adage that unless you wish to commit political suicide you never enter into a battle with the Church of England or the National Union of Mineworkers.

Mr. Michael Foot, the Labour Leader, who has a veneration for the miner bordering on the romantic, was restlessly stirring on the Opposition front bench in his eagerness to unleash a fresh attack on Mrs. Thatcher.

But unfortunately, the Government had swiftly pre-empted this by letting it be known that Mr. David Howell, Energy Secretary, proposed to meet the miners and the Coal Board on Monday.

In these circumstances, Mr. Foot was reduced to complaining that it was absurd to wait so long for such a crucial meeting. But the Prime Minister immediately cut the ground from under him by announcing that the Government had already taken this into account and that Mr. Howell had now decided to hold the meeting today.

It was certainly a far cry from the previous week when the Prime Minister had rejected Mr. Foot's appeal for the Government to intervene and hold tripartite talks. On that occasion Mrs. Thatcher had told him: "It is a matter for the NCB to consider in the light of all their duties."

Yesterday's events seemed to be an example of what Mr. Tony Marlow (C., Northampton North), speaking in another context, called the Prime Minister's "instinct for popular feeling."

The conciliatory theme was taken up even more enthusiastically by Mr. Howell, the well known enthusiast for the free market economy, when he made a statement on the dispute a few minutes later.

The Government, he said, was determined that the closures should be carried out in a "sensitive and sympathetic" way. Like Mrs. Thatcher he emphasised that £800m—most of it taxpayers money—was being invested in the mining industry this year.

His attempts to identify himself with the pit-face worker were a bit too much for some mining MPs. "I happen to be a Welshman," he boasted. "Let me tell you about the reality in some of our pits today."

"We don't trust you and never will," roared Mr. Alec Woodall (Lab. Hemsworth).

They were more sympathetic to Mr. Jim Lester (C. Beeston), a former Employment Under Secretary and another victim of the recent reshuffle. He lavishly praised the miners' commonsense and level-headedness, and advised the Government that if it avoided a dogmatic approach to the dispute it had nothing to fear.

"Well done Jim" shouted Labour MPs. They seemed to feel that Mr. Foot could not have put it better himself.

Scottish project may create 1000 jobs, says Younger

BY IVOR OWEN

DETAILS OF a multi-million pound manufacturing project which is expected to create 1,000 new jobs in East Scotland will be announced today, Mr. George Younger, Scottish Secretary, disclosed in the Commons last night.

He gave this trailer when rejecting an Opposition attack on the Government's failure to prevent Talbot UK deciding to close its car plant at Linwood near Glasgow with the loss of all 4,800 jobs.

Mr. Younger did not identify the UK company which is to launch the new development but told MPs it would produce "a unique high technology consumer electronics product."

He held out no hope that the Linwood closure could be averted, and flatly dismissed allegations by Mr. Bruce Millan, Labour's shadow Scottish Secretary, that failure to maintain production there would involve the company in breaking undertakings given to the former Labour Government.

Mr. Younger maintained that the undertaking Labour Ministers secured from Talbot UK were "couched in such vague terms" that they were incapable of enforcement.

He also indicated that there is little hope of the company being persuaded to delay the closure of Linwood even though Mr. George Turnbull, chairman of Talbot Motors, had agreed to meet an ad hoc committee organised on the initiative of Strathclyde Regional Council.

The purpose of the meeting would be to enable the company to give more details of its plans and there was no question of reversing or delaying the closure.

Mr. Younger emphasised that the Government was under no illusion about the impact the closure would have on the immediate area. The loss of 4,800 jobs would inevitably create major economic and social problems.

He reaffirmed that the Government was considering urgently what measures could be realistically taken to generate new employment in the area.

Discussions would be held in Glasgow on Friday with the Scottish TUC, the CBI, the local authorities and others concerned.

Mr. Younger underlined the fact that the company had decided to close the Linwood plant for firm commercial reasons—it was simplistic to represent it as the collapse of a branch plant of a multinational acting capriciously and selfishly.

He gave four main reasons for the company's decision:

● Linwood was increasingly unprofitable.

● The models produced there were becoming rapidly outdated.

● Linwood could no longer be sustained by the group because of trading losses and the high cost of new investment essential to keep the plant going.

● There was no prospect of a return on the investment in current market conditions.

Mr. Millan argued that the Government had not tried hard enough to require Talbot UK to keep the Linwood plant in production and warned that events there signalled a threat to the company's operations in Coventry and elsewhere in the UK.

To cheers from the Opposition benches, Mr. Millan declared that neither the Labour Party nor the trade unions were prepared to accept that the last word and the final chapter had been written in the Linwood story.

He conceded it was going to be an extremely difficult job to get the closure decision either reversed or moderated, but the effort should be made.

Even a postponement would enable the redundancies to be phased out over a longer time scale and enable further pressure to be applied to the Government to change its current economic policies.

Mr. Millan reminded Ministers that even their own supporters on the Tory backbenches were now calling for a change of course in economic policy.

Roger Taylor

Shirley Williams and Roy Jenkins, two of the founding members of the Council for Social Democracy, look through letters containing cheques and messages of support at the Council's headquarters in Queen Anne's Gate, London, SW1.

Howell attacked on handling of coal crisis

BY MARGARET VAN HATTEM, LOBBY STAFF

MOUNTING dissatisfaction among Conservative backbenchers over the Government's handling of the coal crisis surfaced in the Commons yesterday.

After Mr. David Howell, Energy Secretary, announced the bringing forward of the Government's meeting with the National Coal Board and the National Union of Mineworkers from Monday to today, several Tory MPs suggested obliquely that the Government had been inept and insensitive in its initial responses.

Among those who urged Mr. Howell to adopt a more flexible, more sympathetic attitude were Mr. James Lester (C., Beeston), who said that the "delicate sensibilities" of the industry should be taken into account as well as the purely economic factors. To deal with the situation properly, he said, the Minister should "keep his diary open."

Mr. Alan Haselhurst (C., Saffron Walden), called for greater flexibility in the timetable of pit closures so they could be dovetailed in with job creations through new investment.

Mr. David Crouch (C., Canterbury), quoting the former Coal Board chief Lord Robens, warned the Government "not to think of pit closures in terms of the balance-sheet."

Mr. David Knox (C., Leek) pointed out that moderate miners were being drawn into industrial action and asked "doesn't this suggest that something is wrong?"

The Government's decision to advance the tripartite meeting—in response to an approach from the Coal Board which was itself acting on a request from the NUM—is widely seen as a tactical retreat.

Mr. Howell, however, insisted that no decisions would be taken at today's meeting, which was to be mainly "a listening exercise" to enable both sides of industry to state their case at the earliest opportunity. The Government would convey its reaction to their case at a further meeting some time next week.

Replying, Mr. Merlyn Rees, the Opposition energy spokesman, criticised the Government for the "lack of urgency" in its approach and called for early discussion of cash limits and the possibility of introducing import controls.

It was essential for the Government to act quickly, he said. "If the situation in the coal industry is allowed to run, even with the meeting tomorrow, it will be too late to pull things back."

"The miners feel let down. They have carried out their bargain on the plan for coal. Coal productivity has risen rapidly. They believe the thanks they get for that is the closing down of the pits."

Much of the bitterness and distrust had been generated by the announcement, after weeks of guesswork, of a number of pit closures coming all together in a lump outside the plan for coal. "These events have a momentum of their own," Mr. Rees added, "and the Government must act quickly. There are no victories needed—what we need is pure commonsense."

Fees scale for planning applications confirmed

By Michael Cassell

THE SCALE of fees to be charged by local authorities for planning applications was confirmed yesterday by the Environment Department.

The fees, which have been opposed by the construction industry and are designed to recoup part of the cost of development control, are to apply to applications made on or after April 1.

Under the draft regulations laid before Parliament yesterday, all applications for outline planning permission for buildings will be charged at the rate of £40 per 0.1 hectare, with a maximum of £1,000.

Applications for a full planning permission or for the passing of plans which have been given outline consent but held in reserve for subsequent approval will, in the case of residential development, attract a fee of £40 a unit, with a £2,000 maximum.

Applications for industrial and commercial floorspace will attract a fee of £40 per 75 sq metres, again with a maximum of £2,000. There will also be a £40 fee per 0.1 hectares for the erection of plant and machinery and a £20 per 0.1 hectare charge for the extraction of minerals.

The Department said there would be a flat £20 fee for applications which do not create "significant" floorspace.

Joint talks on chemical weapons ruled out

TALKS BETWEEN Britain and the United States on chemical weapons were ruled out by Mr. John Nott, Defence Secretary, in the Commons yesterday. But he highlighted NATO's fears over the Warsaw Pact's "large offensive capability" in gas warfare.

Tackled by Mr. Frank Allaun (Lab., Salford E.) on whether he was going to have talks with the U.S. Defence Secretary on the use of chemical weapons, Mr. Nott said: "I have no plans to do so."

And he added: "There are no plans to deploy chemical weapons here at the present time."

Mr. Nott told MPs: "The Warsaw Pact has a very large offensive capability for hte use of chemical weapons which is a matter of grave concern to the NATO Alliance.

"We are increasing our own ability on the defensive side to resist attack by chemical weapons."

Mr. Nott denied Mr. Allaun's suggestion that he was going back on a statement allegedly made by his predecessor, Mr. Francis Pym, "that Britain should consider embarking on a chemical warfare system capacity"

And he assured MPs that a recent visit by a Minister of Defence team to the U.S. was for "perfectly normal discussion" of the Warsaw Pact's capability "from nuclear weapons to conventional weapons to chemical weapons."

Manchester in cash plea

MANCHESTER City Council is organising a mass lobby of Parliament to win more Government money for the city. Labour MPs from Manchester are seeking a meeting with Mrs. Thatcher to back up the plea.

Councillor Norman Morris, council leader, said: "The Government has cut Manchester's grants by many millions of pounds on every financial front.

Letters went out yesterday from Mr. James Hetherington, town clerk, to 300 organisations in Manchester asking them to prepare submissions to the Government.

Mr. Morris said he wanted people in all walks of life to join the lobby to try to persuade the Government to change its financial policies.

He said the Government's own statistics proved that Manchester's needs demanded more spending per head of population than any other local authority — with the exception of two London boroughs.

Defence Ministry to receive extra £260m

BY MICHAEL DONNE, DEFENCE CORRESPONDENT

THE GOVERNMENT is making available an extra £260m for the Defence Ministry to cover overspending in the 1980-81 financial year, Mr. John Nott, Defence Secretary, said in the Commons yesterday.

It is the second "topping-up" exercise in the past year, as the Defence Ministry received £201m last August. A supplementary estimate for the extra £260m will be presented to Parliament today.

Mr. Nott said he was "continuing to take steps to restrain expenditure," although in real terms annual spending on defence was rising. "It is going up quite fast—faster than any other programme," he claimed.

It was general practice for any overspending in a given year to be deducted from the cash available in the following year.

The final out-turn of the 1980-1981 defence budget would not be known for some time, and "the position will then be reviewed."

One of the reasons for the defence overspending is that, because of the recession and lack of activity in other areas, contractors are devoting more effort to meeting defence orders. These are thus being completed earlier, and the bills put in for payment promptly.

But inflation has also played a part in the overspending, and it is largely to curb its effects that Mr. Nott is continuing to scrutinise spending in every area.

● Mr. James Wellbeloved, Labour's former RAF Minister, yesterday accused the Government of having reduced the number of defence aircraft below the level during the last Labour Government.

In a fierce Commons outburst, he accused "loud-mouthed patriots" on the Tory backbenches of meekly acquiescing in the cuts.

"There are fewer fighter aircraft defending the skies of Britain today than when Ministers assumed office in May 1979," he said.

He asked Mr. Geoffrey Pattie, the present RAF Minister: "Don't you think it is disgraceful that the loud-mouthed patriots behind you who made such a stink about the number of air defence aircraft in Opposition, are now adopting an attitude of craven silence in the light of this disgraceful neglect of our air force."

But Mr. Pattie defended the Government's January decision to cut production of some older aircraft types because of "budgetary pressures."

He denied there were now fewer aircraft in operation than when the Government took office, but refused to publish figures because it was "not the practice" under any government.

Today in Parliament

House of Commons—Redundancy Fund Bill and Iron and Steel (Borrowing Power) Bill. Motions on Northern Ireland, agriculture and museums.

House of Lords—Debate on British Civil Aviation Industry. Tree (Replanting) Bill (committee). Short debate on EEC initatives in Middle East.

Select Committees — Education, Subject: Funding of arts. Witnesses: British Film Institute, Crafts Council. (Room 6, 10.30 am). Industry and Trade. Subject: Finance for British Leyland. Witness: Sir Keith Joseph, Industry Secretary (Room 16, 10.45 am). Foreign Affairs. Subject: Gibraltar. Witnesses: Mr. Peter Blaker, Minister of State, Foreign Office. (Room 15, 11.30 am). Transport. Subject: Transportation in London: Witnesses: London Transport Executive. (Room 17, 4 pm). Employment. Subject: Department of Employment Group. Witnesses: Employment Services Division, Manpower Services Commission. (Room 8, 4.30 pm). Social Services. Subject: Medical education. Witnesses: Joint Consultants Committee and General Medical Council. (Room 21, 4.30 pm). Joint Committee on Consolidation. Subject: Public Passenger Vehicles Bill (Lords). Film Levy Finance Bill (Lords). National Film Finance Corporation Bill (Lords). (Room 4, 4.30 pm).

Margaret van Hattem looks at how boundary changes could affect the grassroots

Tearing up the political map of England

WHILE the intra party battles rage noisily around Westminster, three somewhat improbable revolutionaries—two judges and a retired county council clerk from Surrey—are quietly going about the business of tearing up the political map of England.

When the Boundaries Commission has completed its task, almost nothing at grass roots level will be quite the same. Hardly a constituency party in Britain will escape unscathed and some will be wiped out of existence.

The commission could, at a stroke, upset the balance of power in Labour management committees more thoroughly than the Militant Tendency could do even in the wildest of Social Democrat dreams.

It is still too early to predict how this will affect the results of the next General Election. All that can confidently be said is that the changes are likely to help the Conservatives, mainly at Labour's expense, and to confuse even further those trying to make sense of what promises to be an extremely complicated election.

On past experience, the boundary changes are unlikely to cause dramatic alterations in the cast on the Westminster stage. The proposals and recommendations put forward so far indicate that several prominent MPs could be unseated at least temporarily.

Mr. Tony Benn's constituency of Bristol South East is expected to disappear, as is Cleveland and Whitby, held by Mr. Leon Brittan, Chief Secretary to the Treasury.

Mr. James Prior, Employment Secretary, stands to lose 10,000 or so Conservative voters to a neighbouring constituency while in Oxford Mr. John Patten faces a carve-up of his already slim Conservative majority as six wards are transferred to the constituency next door.

However prominent MPs tend to find new constituencies without too much trouble. When in the last major re-drawing of boundaries, before the February 1974 election, Mr. Robert Carr, the former Conservative Home Secretary saw his old constituency of Mitcham disappear, he quickly re-surfaced in Sutton Carshalton.

Baroness (then Dame) Patricia Hornsby Smith was less fortunate—her constituency of Chiselhurst disappeared into the new seat of Bexley Sidcup where there was a conflict of interest with Mr. Edward Heath the then Prime Minister.

Mr. Ivor Richard also fell by the wayside when his Labour seat of Barons Court disappeared and he lost the contest for Blyth to the Independent Labour candidate Mr. Edward Milne—possibly a cautionary tale. But the major casualties tend to be few.

The decision of Labour's Mr. Arthur Palmer to retire when his Bristol North East seat is merged with Bristol South East to form a new single seat—Bristol East—virtually guarantees Mr. Benn another safe Labour seat. And many other MPs under threat are already either casting around for similar arrangements, or preparing to retire.

While the prominent tend to be looked after, some of the less prominent may have to go. Labour expects to lose up to 20 seats on balance. Other factors could soften the impact—the disappearance in 1974 of 31 seats (20 Labour, 11 Conservative) to make way for 36 new ones (11 Labour, 25 Conservative) did not keep the Conservatives in power though it helped to keep Labour 17 seats short of an overall majority.

POLITICAL REALIGNMENT

However, leaving aside the impact of a possible alliance between the Liberals and a new Social Democratic Party, and taking into account the fact that marginal seats are declining in number and tend to swing less than the national average, it has been estimated that it would take a national swing of about 7 per cent to give Labour an outright majority at the next election.

The need for boundary changes is clear from the results of the last election when for every 1 per cent of the vote, Labour secured 8.1 seats against only 7.7 seats for the Tories. This was because of the population drift away from urban Labour areas to suburban and semi-rural Tory ones, which means that safe Labour seats tend to have smaller electorates than safe Tory ones.

To compensate for this, the commission is required to examine the constituencies every 10 to 15 years and re-draw boundaries where necessary to ensure that they all have roughly the same number of voters.

The commissioners work to a numerical quota based on the size of the electorate in the year the review gets legally under way. Time lags can produce enormous distortions: the 1969 revision of the 1954 distribution was not implemented until 1974, which meant that in the 1970 election, 168 of the 630 constituencies fell outside the 40,000 to 80,000 voters range.

This time the commissioners are aiming at an average English electorate of 65,753 voters (more in Northern Ireland, Wales and Scotland) based on the 1976 electorate—which would be eight years out of date in a 1984 election. So, on present trends, there would still be a substantial bias in favour of Labour.

The commissioners are required to stick, as far as is practicable, to county boundaries but may take into account various regional factors to avoid topographical anomalies and the splitting up of small communities.

This room for flexibility opens the door to a large number of appeals. After the commission has published its provisional recommendations, any local authority, party or organisation representing more than 100 voters can force an inquiry by an assistant commissioner—usually a QC or senior barrister appointed by the Home Secretary. He reports back to the commissioners who may then publish revised proposals, which could lead to a second inquiry.

Of the four separate commissions, the one for Wales has not yet started; the Northern Ireland Commission has published all its provisional proposals and the Scottish Commission is about half way through the provisional proposals.

In England, the commission has produced provisional recommendations for all but one of the 32 shire counties and revised recommendations for nine of them (many of the rest being still in the inquiry stage); it still has to deal with five of the six metropolitan counties and with Greater London. The final revised proposals are expected to go before Parliament before the end of 1982.

Nothing can be considered absolutely final until this happens and Parliament approves the recommendations. But it is already clear that the number of seats in the English shires will rise substantially—the commission has provisionally recommended an increase from 289.3 to 310—at the expense of the metropolitan regions.

Until the commission's work is further advanced, there is not much the parties can do to reorganise at the grass roots level. For the Conservative Party, some of the biggest headaches could arise in the redistribution of funds and assets.

Steering committees will be set up towards the end of next year to smooth the transfer of members and resources from the present constituency parties to the new ones well before the next election.

The Labour Party, which has less to worry about in the way of assets, can expect an intensification of the Left/Right struggle as unions re-affiliate to the newly constituted parties and pressure groups fight to increase their representation on general management committees.

At Westminster, each set of revised commission proposals will send a certain number of MPs scurrying off to re-do their sums and, if the figures no longer add up, to look around for new friends.

Financial Times Wednesday February 18 1981

FINANCIAL TIMES SURVEY

Wednesday February 18 1981

SWEDISH CHEMICAL and PHARMACEUTICAL INDUSTRIES

In manufacturing areas where added value processes are more important than bulk production, some Swedish chemical companies have shown a fast rate of growth. Foreign investors also see potential in the country's pharmaceutical industry, which is rapidly introducing a diverse range of products, as WILLIAM DULLFORCE, our Nordic Correspondent, reports from Stockholm.

Plenty of scope for growth

SEVERAL RECENT studies into the problems of Swedish industry have singled out chemicals and pharmaceuticals as a potential growth area, where investment and effort could contribute to the restructuring and expansion of total Swedish production.

A report from the Boston Consulting Group, commissioned by Volvo and other Swedish companies, listed chemicals as a sector in which investment should pay off. The Academy of Engineering, in a major study of Sweden's technological capacity (published in 1979), picked chemistry and allied disciplines, such as biotechnology, as an area in which the country possessed a sound knowledge base, from which industrial operations could develop.

Viewpoint

Government institutions, such as the Board for Technical Development, have followed suit and it has become something of a commonplace forecast in official industrial policy that the chemical industry will help to replace some of the deficiencies in the Swedish economy, caused by the collapse of the shipbuilding industry, the decline in steel and mining and the raw material limits on further expansion in the forest industries.

This view is not uncontested. Mr. Ingemar Staahl, a highly respected professor of national economy, has been particularly critical about the contention that the chemical industry offers a base for industrial renewal. He has pointed out that a doubling of Sweden's present pharmaceutical capacity would, at most, make up for the loss of one shipyard or steel mill.

Within the chemical industry itself, attitudes vary enormously from the enthusiasm of a young executive—who sees worldwide opportunities for the fine chemicals operation in his charge—to the scepticism of the manager who has experienced the collapse of the plan, launched in the early 1970s, for a greatly enlarged petrochemical complex at Stenungsund, on the west coast.

This distinction is perhaps significant. For if any consensus can be said to have emerged from the interviews with company managers, which form the basis for this survey, it is that Sweden would be foolish to bank on the basic chemical industry for future growth. In this field it has no cheap raw materials of its own and no special advantages, compared with its competitors.

On the other hand, in products where added value is more important than bulk production, some fine chemical companies such as Perstorp, have already shown that a fast rate of growth can be reached.

Sweden also has a fairly young pharmaceutical industry with a high rate of new products in the last few years. Foreign investors, at any rate, see potential in Swedish pharmaceuticals; Astra and Fortia shares have attracted a lot of interest abroad in recent months.

It is best to put the industry into perspective. Compared with many other industrialised nations, Sweden does not have a big chemicals industry. Its turnover in 1979 was Skr. 16.6bn (£1.54bn: $3.7bn) or only about six per cent of manufacturing industry sales.

Exports amounted to SKr 6.6bn or 5.6 per cent of Sweden's total foreign trade sales and that ratio was more or less maintained last year. Sweden is a net importer of chemicals, imports exceeding exports by some SKr 5bn in 1979.

It is true that, as in most industrialised countries, output of chemicals in Sweden has grown faster than that of industry in general in the post-war period. Between 1968 and 1979, chemical production grew by 57 per cent compared with 31 per cent for Swedish manufacturing output. Between 1968 and 1978, production of both plastics and pharmaceuticals more than doubled.

However, the chemical industry's performance since 1975 and, particularly last year, has provided some evidence for the sceptics. Only very provisional estimates are available for 1980, but it seems that, for the first time for many years, chemicals fared worse than manufacturing industry in general.

The association of Swedish Chemical Industries estimates that total chemical output may have declined by as much as 4 per cent, compared with 1 per cent growth in manufacturing. The fall was almost entirely due to the setback in basic chemicals (including plastics), where preliminary figures point to a 10 per cent slide in output. Production of other chemicals, including pharmaceuticals, is calculated to have grown by about 1.5 per cent.

The decline in basic chemical production last year is, of course, not peculiar to Sweden. The European industry, as a whole, suffered a setback, witnessed, among other things, by the common market producers' charges of "dumping" by U.S. manufacturers. One year does not add up to a trend, but other reasons have recently appeared to support doubts about whether the Swedish chemical industry, in general, can be classified as an important growth area for the future.

Productivity in the industry increased by an average of 6.4 per cent annually between 1960 and 1975. The Chemical Industries' Association has no firm figures for the ensuing period, but it estimates that the growth rate in productivity has been substantially lower since 1976 and it may even have fallen by 3 per cent or so, last year.

In the current situation, the association admits to doubts as to whether Swedish chemicals can, in future, continue to maintain its record of faster growth than manufacturing. Its performance in the last few years, at least, suggests that it is not immune to the high payroll and other production cost levels, about which Swedish industrialists, in general, have been complaining.

Sweden possesses no oil or gas and has few other raw materials needed for chemical production. Historically, chemical production evolved within companies producing metals or pulp for the manufacture of paper. Thus, Boliden, the mining and metals group, used the pyrites from its north Swedish mines to make sulphuric acid.

The other national resource applicable to chemical production was relatively cheap hydro-electric power. Sweden was among the pioneer countries in electro-chemical processing, in particular for the production of sodium chlorate, used in bleaching wood pulp.

Similarly, salt electrolysis has been used to make the large amounts of chlorine and caustic soda consumed by the Swedish pulp mills. Production of chlorine is about 400,000 tons—or close to 2 per cent of total world output—and has provided a basis for the domestic production of vinyl chloride.

In the area of organic chemicals, by-products from the forest industries were again the main incentive to production. Spent liquor from sulphite pulp-making was converted into ethyl alcohol, which was the most important intermediate material for organic chemicals in Sweden until the mid-1960s.

However, in that decade it became obvious that petrochemicals had to be the base for organic chemical production, and Esso Chemical built its naphtha-based cracker for ethylene at Stenungsund. Annual capacity has been gradually expanded to the current 335,000 tons of ethylene, but the cracker remains the only one in Sweden—plans for a second having been shelved, at least for the immediate future.

If the Swedish chemical industry is to expand, it must be largely on the basis of imported raw materials and, because the domestic market is so small, with production oriented mainly to export. The emphasis must be on specialty chemical products which can command an international market, and upon pharmaceuticals, where the Swedish research establishment may offer some advantages.

Mr. Karl-Erik Sahlberg, managing director of Perstorp (which imports methanol and produces 170,000 tons of formaldehyde a year with a staff of two per shift, and markets laminates, formalin and polyalcohols worldwide) is in no doubt where the future lies.

"Added value is more important than the supply of raw material," he says. "When Swedish industry has been successful, it has always been in products with a high technological content. A nation with such a high standard of education should find the capacity for expansion."

Perstorp achieved an average annual volume growth of 10 per cent in the 1970s, but a formula of this kind places great demands on a company's research and development skills and upon its ability to establish itself on an international base. High profit margins are needed to pay for product development and foreign expansion.

The biggest group, Kema-

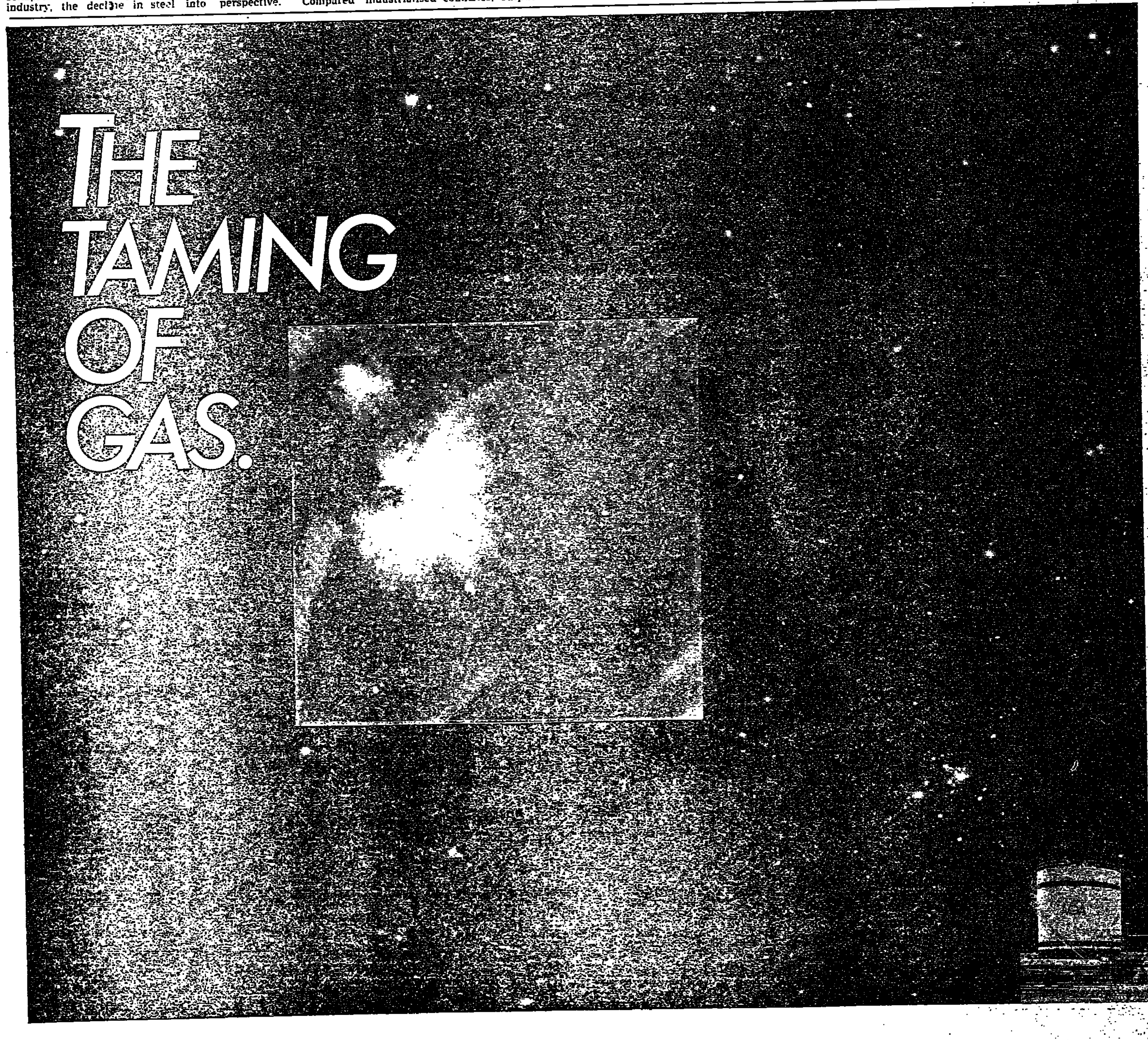
CONTINUED ON PAGE III

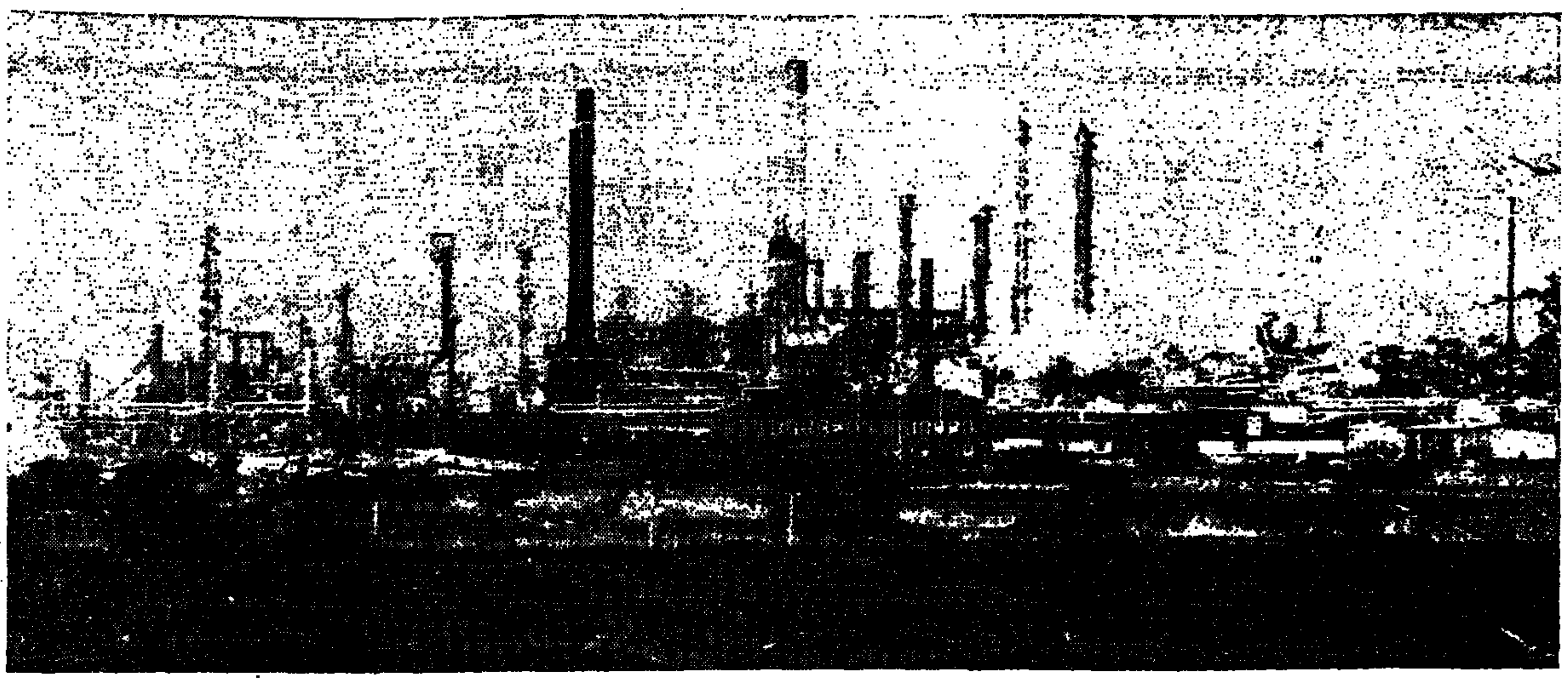
BASIC TRENDS IN THE SWEDISH CHEMICAL INDUSTRY

(SKr)	1960	1970	1975	1979
Turnover (bn):	2.2	5.16	10.6	16.6
As percentage of manufacturing industry	4.4	5.0	5.6	6.0
Value added (bn):	1.06	2.6	4.9	7.9
As percentage of manufacturing industry	5.1	5.5	5.6	6.3
Investments (bn):	0.125	0.505	0.744	1.57
As percentage of manufacturing industry	3.9	7.7	5.4	11.0
Turnover per employee†	72	137	269	416
Turnover per employee in manufacturing industry†	56	114	205	315
Value added, per employee†	35	69	124	196
Value added, per employee in manufacturing industry†	23	52	95	142

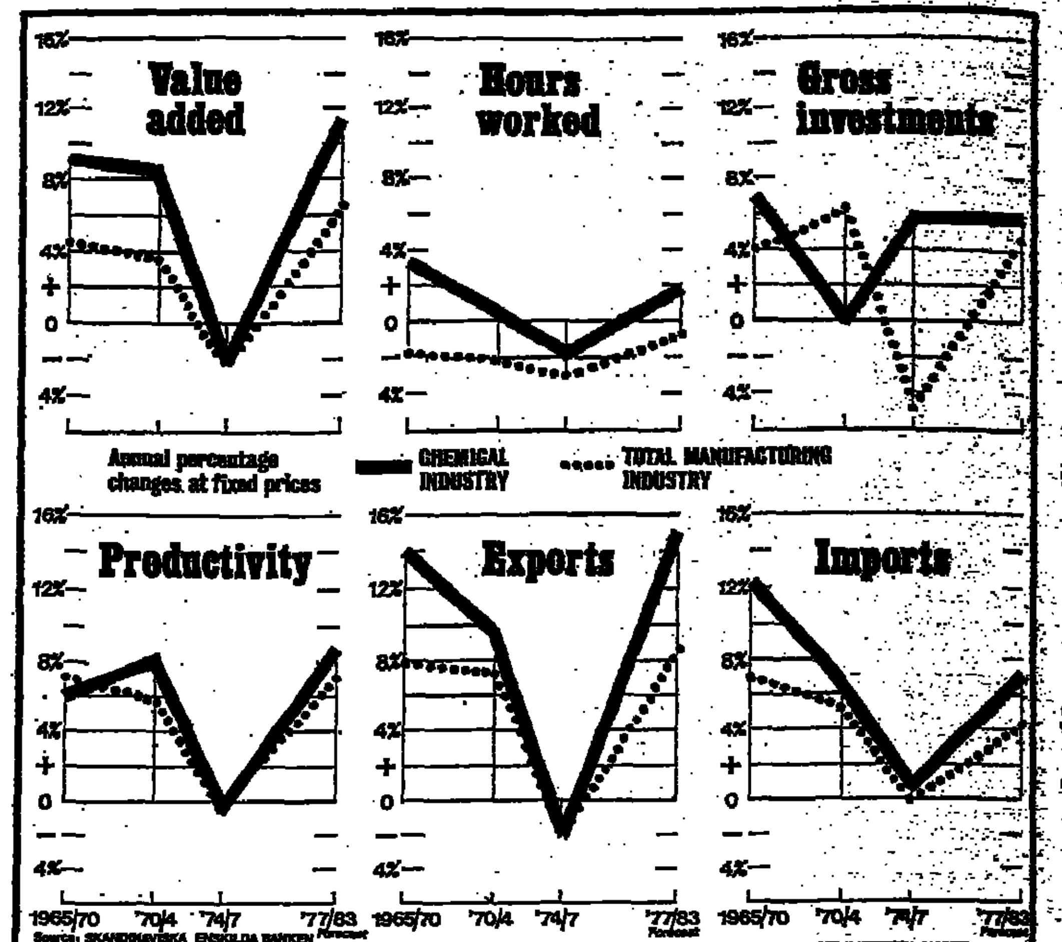
† Figures in SKr 1,000.

Source: Association of Swedish Chemical Industries.





The Esso Chemical cracker plant at Stenungsund



Interest turns from bulk lines...

LIKE THEIR counterparts in the rest of Europe the Swedish chemical manufacturers are looking increasingly to specialty chemicals for expansion and profit. As far as basic chemicals are concerned the investment *by Unifos Kemi in a new plant* to make 150,000 tonnes of low density polyethylene a year may be the *last major Swedish pro*ject in that branch for some time to come.

The larger Swedish producers agree that future investment should go into new end-products, to be made by processing further their basic chemicals. The industry currently supplies about half the country's consumption of chemicals by value and in a free trade world it can hardly improve on that. Expansion therefore must come through exports; given Sweden's reliance on imported feedstocks *—with their high cost—such* growth cannot be expected to come from basic chemical production.

The raw materials available in Sweden for chemical manufacturing are *pyrites and forest* industry by-products such as turpentine, tall oil and ethyl alcohol. Together with abundant hydro-electric power these formed the original basis for the industry.

Besides sulphuric acid, a major product has been chlorine, for which the pulp and paper mills provided a strong demand. Sweden has an output of about 400,000 tonnes a year —close to 2 per cent of world *production—but the mills have* been reducing their consumption, chiefly under *environmental pressure*, and Sweden now has a surplus capacity of about 100,000 tonnes of chlorine.

Consumption of caustic soda, produced by the same process as chlorine, is on the other hand growing, creating an imbalance. Chlorine is used in the production of vinyl chloride. KemaNobel has been looking for a joint venture in a new PVC plant. A project in Denmark collapsed under opposition from environmentalists, and attempts to arouse Norwegian interest have proved unsuccessful. Attention now seems to have switched to the idea of buying into a West German project.

Superseded

Ammonia produced with hydro-electric power was the *basis for fertiliser manufacture*. But electricity has been superseded in the production of ammonia and a substantial part of the ammonia used in making fertiliser is now imported—although the country still has two plants making ammonia from fuel oil and waste oil.

Sweden has one manufacturer of commercial fertilisers, Supra, which delivered 1.15m tonnes in 1979. It is investing some SKr 150m in a new plant to make an *additional 130,000* tonnes of nitric acid a year and 1,100 tonnes of melted ammonium nitrate a day, in order to meet the growing domestic demand for composite fertilisers.

Sweden moved into petrochemicals in the 1960s when a *complex was started* at Stenungsund on the west coast, clustered round the naphtha cracker built by Esso Chemical. Output of ethylene has expanded from the 55,000 tonnes of the original steam cracker to the current 335,000 tonnes a year.

The cracker supplies three other companies with processing materials. KemaNord, the basic chemicals subsidiary of KemaNobel, makes vinyl chloride and polyvinyl chloride. Berol Kemi produces glycols and plasticisers, while Unifos, a *50-50 joint* venture of KemaNobel and Union Carbide, manufactures low and high den*sity polyethylene*.

The Stenungsund complex has been the subject of much heart*searching* and disappointment within the industry. Plans for expansion, notably in PVC production; were abandoned after the growth rate in demand for petrochemical products tapered off after 1974. But by that time Berol Kemi was already committed to building a plant for the manfacture by the Oxo process *of butylaldehyde, octanol* and plasticisers.

Beroxo, as this project was *named*, was *controversial* from the start. The capital cost grew to SKr 700m and construction *took longer than planned*, draining funds from its parent, Berol Kemi. Last year Beroxo became a *wholly owned sub*sidiary of Statsforetag, the State holding company. It is estimated to have made a loss of around SKr 120m in 1980.

Esso intends to follow up its $85m investment in the existing cracker with another $50-60m between now and 1985. This will go into modernisation and a process computer installation which, it is hoped, will by itself boost output by 2 per cent or so. Esso calculates that it can expand ethylene capacity to around 400,000 tonnes a year, if demand builds up. This could run parallel with a gradual switch from naphtha to gas condensates as feedstock.

Within the industry it is still widely assumed that another cracker will be needed in the Nordic area by the late 1980s or early 1990s. OK, the oil distributing company owned by the consumer co-operative organisation, is known to be reconsidering an earlier plan to build a cracker alongside the refinery it owns jointly with Svenska Petroleum, the State oil company, and Texaco.

The first major new investment in petrochemicals for several years was announced by Unifos Kemi in 1980. Its joint owners, KemaNobel and Union *Carbide, are putting SKr 340m* into a new plant to produce 150,000 tonnes of low-density polyethylene a year. This will raise Unifos's capacity to 450,000 tonnes a year.

The plant will be the first in Europe to use Union Carbide's Unipol process, which needs about a quarter of the energy required by conventional plants, eliminates the need for extreme pressures and temperatures and is claimed to produce resins with superior strength and other properties.

These technical advantages in both production and product have convinced Unifos that it can take market shares from existing producers in Europe, even if that market maintains its present modest growth rate. Unifos is a financially solid company, returning good average *profits through* the turbulent years of the 1970s.

Apart from its share of the Unifos investment KemaNobel is unlikely to spend heavily on its basic chemicals unless it can come to terms with the Norwegian companies Norsk Hydro or Dyno Industrier, which have access to feedstocks.

KemaNord, the group's basic chemicals unit, provides some 27 per cent of group turnover. In addition to plastics, it is a major silicon producer with a capacity of about 20,000 tonnes, of which some 90 per cent is exported.

Swedish plastics production in *1979* was *570,000* tonnes to a value of SKr 4.1bn, including semi-manufactures, according to the statistics of the Chemical Industries Association. About half of output is exported.

Berol Kemi, freed from the burden of the Oxo project, has been trimmed and re-organised into five divisions during the past two years under its new managing director, Mr. Raph Edebo. It has shed about one-fifth of its former staff and each new division operates as a profit centre.

Flexible

The idea has been to turn Berol from a commodity chemicals business into a flexible performance chemicals concern angled towards satisfying customer needs. Its largest operation remains so-called surface chemicals, which are mainly additives for use in pulp, and viscose production. Last year this division took its first step into the U.S. market.

Berol also makes additives for the paint, cement and plaster industries. Its design chemicals division, the second largest, markets unsaturated polyester, paper and viscose production. Last year this division took its first step into the U.S. market.

Boliden Kemi produces between 800,000 and 900,000 tonnes of acids a year. It is Scandinavia's biggest producer of sulphuric acid and chemicals derived from it, with a capacity close to *700,000 tonnes*.

Lastly it should be mentioned that some Swedish companies are studying the prospects of using biotechnology to produce primary chemical material. Research *is going* on into the manufacture of ethanol by fermenting wood pulp or sugar. Curiously enough, this could open the way for a revival of the pulp-based chemical industry *which has* been replaced by petrochemicals.

Among the companies investing in this research are Statsforetag and Alfa-Laval, the multinational manufacturer of processing equipment for dairies and farms. Alfa-Laval has already developed a method for transforming farm produce into enthanol, and has applied for a patent.

LEADER IN INDUSTRIAL GASES

Among the most prominent of the Swedish chemical concerns is AGA, the industrial gas and heat engineering group — the statistics of the *Association of Swedish Chemical* Industries puts the value of domestic production of *industrial gases at SKr 250m* at 1979.

This was small compared with the SKr 2.2bn in sales recorded by AGA's Gas Division in that year. Part of that turnover derived from the division's welding operations, but AGA is, probably the world's fifth largest producer of industrial gases, operating in 21 different countries.

Its activities* are concentrated in Western Europe and Latin America, where it holds *about 10* per cent of the total market. In 1978, it took over an American company, *Burdox, to give it a bridge*head on the U.S. market, and has just completed a com*pletely new plant there.

AGA is particularly strong in Latin America, where it operates in all the coastal States and has been investing in new capacity, in order to maintain its position.

...to specialty products with export potential

SPECIALTY chemicals, performance chemicals, functional chemicals, fine chemicals — the classifications overlap and each company selects its own terminology. In each case, though, a distinction is being made from the basic chemicals which are manufactured in bulk, are close in the processing stage to the raw materials used and have low value added.

Specialty and fine chemicals are either products which have been adapted to meet the requirements of small specific *markets, or derived products* which have gone through three or more manufacturing stages and may have complicated molecular structures. Success in this kind of chemical business calls for good marketing skills and customer feedback.

Most Swedish chemical companies, reacting to the slowdown in the growth of the market for basic chemicals, are looking for openings in specialty chemicals *to improve their profits*. As the domestic market is small and the product usually serves a narrow market segment, they find themselves forced to look abroad for outlets. In some cases they are re-evaluating the possibilities of traditional Swedish products—for example, resins.

Two Swedish companies are firmly entrenched in this end of the chemicals industry. One, Perstorp, *has always been* a specialist and may be said to offer a model of what can be *achieved by determined special*isation. The other, KemaNobel, has established a performance *chemicals division whose sales* are approaching those of its chemicals operation.

"*Perstorp has always been* forced to develop products within very small market seg*ments and then energetically* internationalise them." Mr. Karl-Erik Sahlberg, the managing director, said this month, looking back over the company's first 100 years.

The thread running right through Perstorp's development has been the chemistry of formaldehyde. Mr. Sahlberg calls it "one of the purest examples of a product tree you could find."

Today Perstorp's output of formalin is marketed mainly within the Nordic countries but its process for manufacturing formalin has been sold all over the world, four new licences were sold last year—to Britain, Portugal, Brazil and Taiwan.

*From this "trunk" of for*malin production, however, Perstorp has branched out into plastics (it started the first plastics factory in the Nordic area as early as 1917), laminates and building components but during the past 20 years, at least, it has aimed for specific "niches" or market segments.

Today this Swedish company is one of the world's leading *manufacturers of polyalcohols*, exporting to some 40 countries and with more than 90 per cent *of sales effected outside Sweden*. It estimates that its polyalcohol business holds more than 10 per cent of the total world market.

Its share of the world market for plastic moulding compounds, which it puts at 400,000 tonnes a year, is almost as large. It has factories producing moulding compounds in Britain, Austria and the U.S. Some 65 per cent of output goes to elec*trical installation companies*.

Formulas

These particular products are not patented or the result of any special formulas; anyone *can make them. Market shares* have to be fought for. Mr. Sahlberg makes the point that, whereas in *1970 there were 37* moulding compound manufacturers in Europe, today 15 producers control 80 per cent of the market.

Similarly, 52 companies were making laminates in Europe in 1970; now 5 companies share 80 per cent of the market. The survivors, in Mr. Sahlberg's words, were those who chose not to adopt a "market milking" strategy but to build sound platforms for the future through product development and investment.

Laminates, both industrial and decorative, remain the largest single product in Perstorp's range and have to be sold in a very competitive market. Company strategy has been to invest its way out of trouble and it has so far managed to increase both the volume of its output and its share of a declining market.

It is now introducing a method for the continuous production of a new generation of laminates. Manufacturing takes place in two stages instead of the previous five.

Perstorp grew by 10 per cent a year in volume during the 1970s. The average growth rate *for chemical manufacturers in* the OECD area was 5 per cent. The Swedish company's experience *is that success in specialty* chemicals means not only finding the right market segments but also maintaining a high level of business efficiency.

It also calls for aggressive expansion. During the 1970s Perstorp bought its way into new geographical markets. In Brazil, where it has operated for 30 years, it now has a laminates operation which returned SKr 50m before tax on a turnover SKr 181m last year. It is planning a new factory in Rio Claro.

*In Britain, after the acquisi*tion of the Wareite Company, it has invested heavily in new plant at *Aycliffe, where it has* established a "miniature Perstorp." At Toledo in the U.S. it bought a factory making pentaerythritol which its original owner had closed down. Perstorp has completely remodelled the production process.

The other company, KemaNobel, has gathered four companies into its performance chemicals division. One Casco, makes *adhesives, binders* and resins. Another KenoGard, operates in agrochemicals, road surfacing additives and wood preservatives. It has bought a Swiss company making corrosion inhibitors and bactericides and a small U.S. chemical company.

Extraco, which has taken over two British concerns in the past two years, makes a third. It concentrates on food additives and systems for treating the by-products of slaughterhouses. The division also includes a small pharmaceutical and health care company.

It is not easy to assess the division's potential. It recorded a 25 per cent sales growth in 1979 and on a preliminary estimate about 17 per cent last year, but companies bought up in the expansion drive, inflation and higher raw material prices together had a greater influence than volume growth.

Nevertheless, Mr. Per Knutz, managing director of KenoGard sees "tremendous possibilities" in his group of products, which are mostly based on fatty amines. Two years ago he decided it was dangerous to think only in terms of production and "turned to the market for guidance."

Since then KenoGard has *identified new market segments* where its products are at an advantage. "Quite big" invest*ments have gone into both pro*duct development and the buying of existing companies with market positions.

A totally new market was found in chemicals for the oil industry, *specifically* the corrosion inhibitors and demulsifiers needed in producing oil. KenoGard had products and laboratory resources but lacked experience of oil production techniques so it bought a company, Malaco, whose staff "knew the front end of the business." It is now setting up companies in Norway, Saudi Arabia, Indonesia and Brunei.

Additives

Over the last two years KenoGard has *more than doubled* its turnover in agrochemicals. Six months ago it started Scanroad International, in Singapore, through which it hopes to sell in South-East Asia the chemical additives which help to bind bitumen and aggregates in road surfaces.

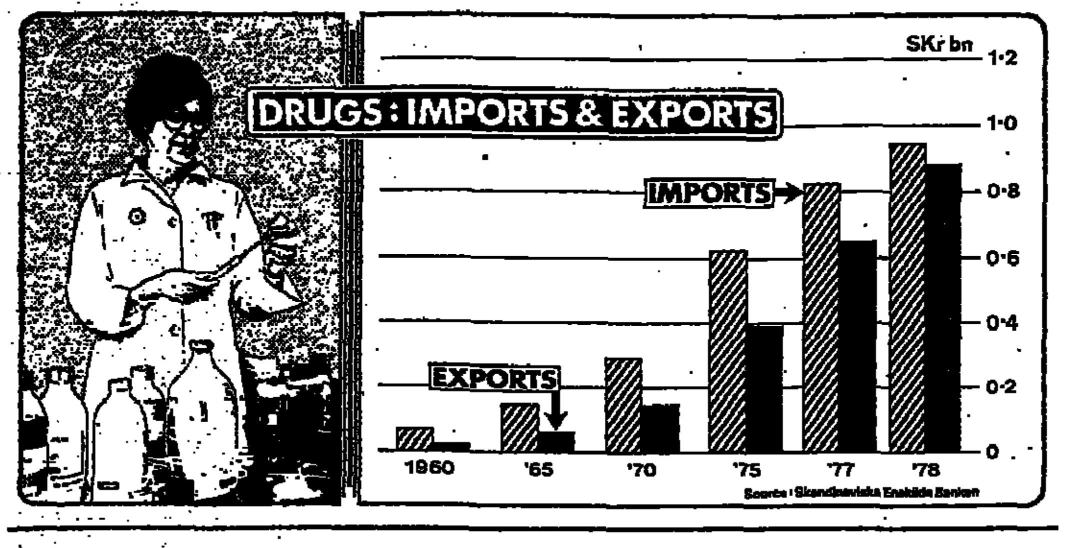
A different speciality is being developed by Bofors-Nobel, the chemicals subsidiary of the Bofors armaments company. It *is trying to capitalise on Bofors'* experience with explosives and propellants and in particular its knowledge *of nitration* techniques and nitric acid oxidation processes.

To meet anti-pollution requirements in its own operations Bofors-Nobel has developed techniques for handling the "spent acids" left in the processing. Its methods also improve production economy by enabling the sulphuric acid to be recycled after purification and *concentration*.

Bofors-Nobel is now marketing complete spent-acid plants as well as offering to undertake for other companies, especially pharmaceutical concerns, the nitration processing of its chemicals and the handling of dangerous wastes. These are *minor but difficult and often* troublesome operations.

Bofors is trying to tap the U.S. market through a small Michigan company, Lakeway Chemicals, which it bought in late 1977 and where it has set up a spent acid plant and has a new nitration plant coming on *stream. Bofors-Nobel has a cur*rent turnover of about SKr 800m a year.

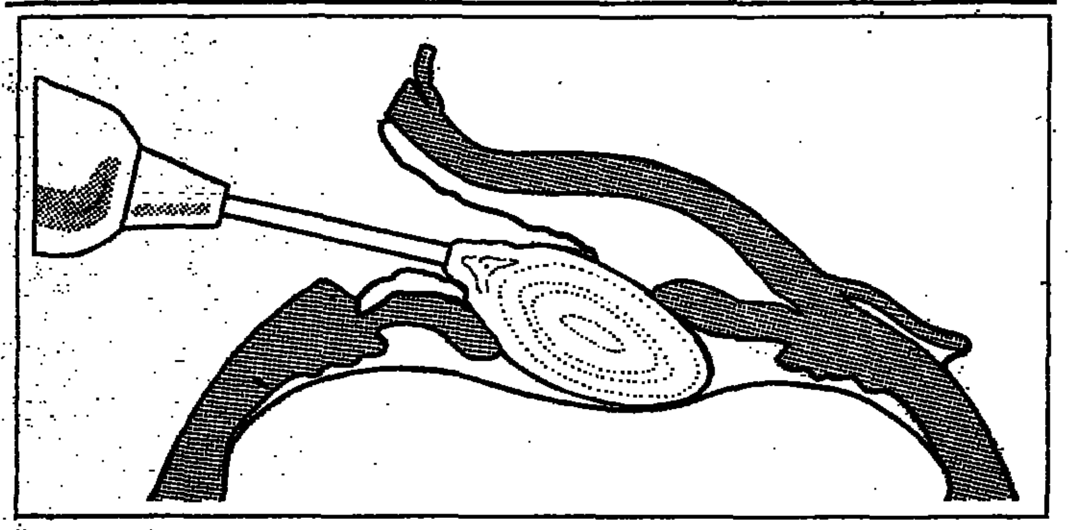
SWEDISH CHEMICALS III



GROWTH OF CHEMICAL PRODUCT EXPORTS, (Skr.m)

OECD definition	1960	1965	1970	1975	1976	1977
Organic chemicals	68	129	218	398	557	586
Inorganic chemicals and elements	69	82	234	446	424	471
Dyestuffs, paints and varnishes	14	32	64	177	186	196
Medicinal and pharmaceutical products	31	79	181	462	576	734
Soap, detergents, cosmetics and perfumes	11	39	95	163	192	192
Fertilisers, manufactured	2	7	20	70	53	40
Explosives and pyrotechnical products	17	23	32	67	59	75
Plastic materials (incl. semi-manufacturing)	117	207	397	964	1,265	1,294
Miscellaneous chemical products	56	122	211	489	506	534
Synthetic rubber	—	4	9	21	35	40
Man-made fibres	43	58	62	75	86	135
Photographic supplies	3	5	35	59	69	71
Chemical products, total:	430	787	1,558	3,391	3,958	4,357

Source: The Association of Swedish Chemical Industries.



A new product, Healon, which promises great assistance to eye surgeons, has just been launched by Pharmacia. The product, a viscous gel, protects sensitive parts of the eye during operations—for example, the corneal endothelium during a cataract extraction as indicated above

William Dullforce examines the rapid expansion of the pharmaceutical industry

Sector with great expectations

THE SWEDISH pharmaceutical industry developed quickly during the 1970s from rather small beginnings. It more than quadrupled its turnover during the decade with sales made abroad rising considerably faster than domestic sales. Despite the industry's relatively small size by international standards, it therefore carries great expectations.

The Commission into the Pharmaceutical Industry, which reported in the middle of last year, discovered that the industry's growth had accelerated during the 1968-77 period from 6 per cent a year during the first five years to 9 per cent annually, during the second half.

Assuming that the average growth rate of 7.5 per cent annually during the 10 years could be sustained until the turn of the century, and drawing straight-line projections, the commission pointed out that by the year 2,000 Sweden's total pharmaceutical sales could be SKr 11bn (just over £1bn or $2.4bn), in 1977 prices, of which SKr 8bn would be made abroad.

Employment within the industry in Sweden might well rise from 10,000 to 18,000 and, allowing for a 5 per cent annual growth in international pharmaceutical sales in the last two decades of the century, the Swedish industry could double its share of the world market from 1 per cent to 2 per cent.

The commission was careful to emphasise that it was outlining the possibilities, rather than making forecasts. Allowing that investing in new pharmaceutical products is a high risk business, the opportunities undoubtedly exist.

One reason is that pharmaceuticals still account for a smaller share of total Swedish industrial output than they do in most other industrialised countries In a nation with such high research and business standards, it seems reasonable to assume that a determined effort in pharmaceuticals would give results.

At present, the Swedish pharmaceutical industry consists essentially of five companies, which together account for about 97 per cent of total output. They vary greatly in size: are all strongly specialised and operate with somewhat different strategies and philosophies. The largest, Astra, provides close to half total sales.

Four are privately owned, two—Astra and Fortia—being listed on the stock exchange. One, Leo, is owned by a Danish holding company. These three have been making reasonably good profits, among the highest in Swedish industry. Kabi-Vitrum and Ferrosan, the smallest, have recently been running in the red. Kabi-Vitrum is wholly State-owned.

Leo and Ferrosan sell mostly to the home market. Fortia's subsidiary, Pharmacia, has the highest ratio of foreign sales with 85 per cent, followed by Astra, which is close to 75 per cent, while KabiVitrum sells about half its output abroad.

Between them, the five account for roughly half the total sales of pharmaceuticals on the home market. Sweden's balance of trade in pharmaceuticals has been steadily moving from an import surplus towards the break-even point.

Public control of the Swedish pharmaceutical industry has been an issue. The Pharmaceuticals Commission, referred to above, was originally set up in 1975 by the then Social Democrat Government with a directive to examine how "to bring the pharmaceutical industry into the administration of society."

This directive was removed by the non-Socialist Coalition Government which came to power in 1976; the Commission's report, in effect, recommends no greater public control.

In January this year, the blue-collar workers' trade union called for a new investigation on the grounds that the Commission's original purpose had been over-ridden and that an industry so closely connected with national health care should be subjected to greater public influence.

The Social Democratic Party is well ahead in the opinion polls and can anticipate a return to office in the 1982 general election.

It is a moot point, however, whether—in the present state of the Swedish economy—it would want to revive the idea of greater public control of the pharmaceutical industry.

In discussing the growth prospects for the industry, one peculiarity should be mentioned. In contrast to most big international pharmaceutical manufacturers, which have grown as offshoots of industrial chemical concerns, the Swedish companies have evolved from pharmaceutical laboratories.

This origin helps to explain some particular characteristics which may have been shortcomings in the past, but which could now be turning into advantages. Firstly, it explains the rather modest financial resources with which they had to operate, at least until recent years.

Significantly, the Swedish companies were late with their penetration of international markets and still have ground to make up, if they are going for real growth. International penetration calls for substantial financial resources.

Moreover, the Swedes did not put much effort into research and development of synthetic chemical compounds. They were more interested in biochemistry and, as grafts from pharmaceutical laboratories, they maintained close contact with the medical schools and profession, which in Sweden has been in itself strongly orientated towards research.

Preference

In this way, the Swedish companies combined a preference for biochemistry with an interest in general therapeutic techniques. They also remained more specialised and less-diversified than many of their foreign competitors. Now they may be well-placed to benefit from the expansion of biochemical research during the 1970s, and its development into biotechnology.

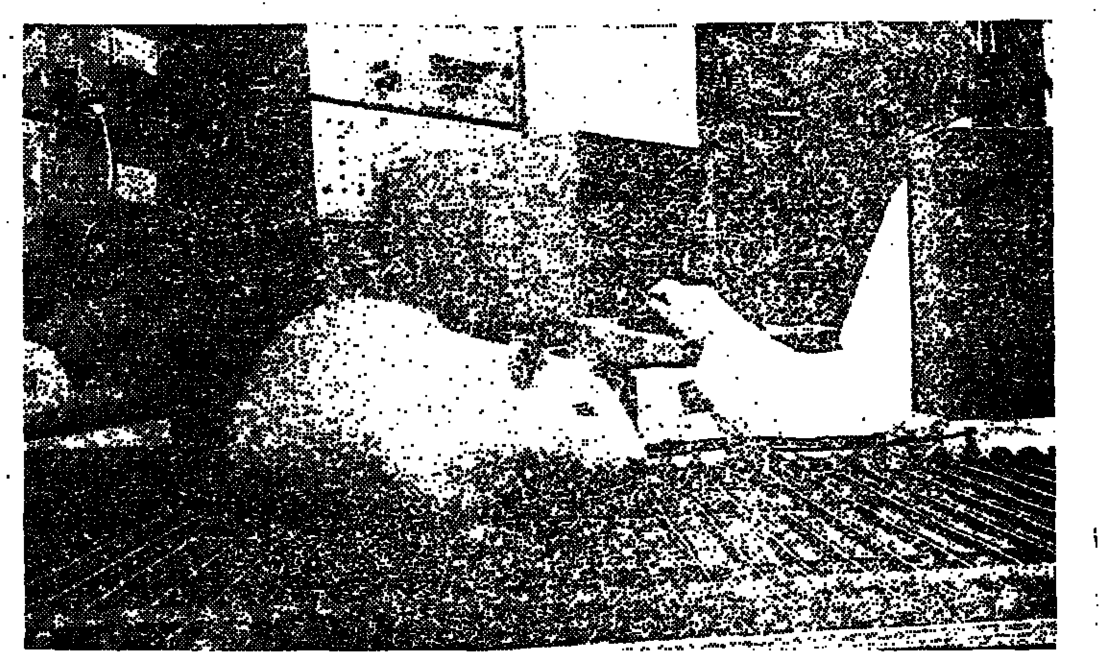
Fortia's Pharmacia, for instance, did a lot of research on a glucose molecule, Dextran, which has given it three products and has proved to be a common source for developments, not only in its pharmaceuticals business, but also in its diagnostics and separation product operations.

The Swedish companies are, of course, not working in isolation and the move into biotechnology started outside Sweden, but it is understandable if they feel that the game has now moved on to their ground and that they may have a better chance of winning.

Some evidence in their favour is found in a list of the more important product launches which they have achieved over the past three decades. In the 1950s there were three; in the 1960s nine; and during the last decade as many as 12.

Their research record does not, of course, mean that the Swedes have solved the problems of the costly operation needed to achieve deep market impact. Pharmacia's earnings have certainly been held back over the past two years by capital expenditure on improved production units and spending on the launching of its new wound-healing product, Debrisan, and its allergy-detecting products.

Part of KabiVitrum's financial problems have been caused by the investment it has put into producing intralipid (a fat emulsion made from soybean oil and egg yolk), which can be used for intravenous nutrition. The company believes Intralipid can give it the international penetration which Astra first obtained with Xylocaine, its local anaesthetic.



The effects of a test-drug on behaviour are recorded by computer, at Astra's laboratory. Isolating the effects of antipsychotic drugs on dopamine neurotransmission in various parts of the brain is of major interest to Astra researchers

Aggressive marketing strategies to capture wider markets

THE RESEARCH situation and the international marketing problems of Sweden's pharmaceutical industry are dealt with on the last page of this survey, but here is a brief look at the current strategies of various companies in the sector:

During the last 15 years, Astra has had some remarkable research successes which have transformed it from a one-drug concern (Xylocaine, a local anaesthetic) into a group with potential winners in the cardiovascular field, anti-asthma therapy and antibiotics. Its problem has been to fully exploit these successes in the market.

Since Mr. Ulf Widengren took over as managing director in 1977, Astra has sold off non-pharmaceutical operations with a combined turnover of SKr 500m. It has maintained its research effort and has a new preparation, an anti-repressant, ready for launching, but it is also spending heavily to penetrate the U.S. market. Astra aims to be among the three largest in the world in its particular product segments.

For the time being, Seloken, the beta-blocker, and Bricanyl, the anti-asthamtic preparation, are being sold on the American market by Ciba-Geigy, under licence, but Astra is working on other alternatives to gain a real foothold there.

It is also investing SKr 165m in a new production plant in the U.S. for Xylocaine, the anaesthetic which originally provided the profits to be ploughed back into Astra's successful research operation and whose patent has now expired.

Fortia, too, having launched two new products in the past five years, is battling its way onto the international market. About a quarter of group turnover comes from its trading operations, while Pharmacia, the producing company, is divided into three divisions. Pharmaceuticals make up about half the sales, with the other half being more or less equally divided between diagnostics and separation products.

Pharmacia appears to have considerable growth potential in all three divisions. Its separation products are being marketed as industrial installations and are well-placed to exploit the expansion in biotechnology. Its diagnostic kits are highly profitable and Pharmacia is among the world leaders in radioimmuno-assay testing equipment.

The two pharmaceutical products recently launched are Debrisan, a gel which absorbs fluid, bacteria and toxic products in wounds, and Healon, another gel which is used to protect sensitive parts of the eye during surgery.

Marketing strategies for these two differ. Last year, a licensing arrangement for Debrisan was made with Schering in France and a licensee will soon be appointed in the U.S. For Healon, the company is setting up its own spearhead organisation.

KabiVitrum specialises in products for intravenous nutrition, growth hormones and blood proteins, all of which have marketing potential that remains to be exploited. The group has a new managing director, Mr. Sigvard Lindhagen, who has been bringing in new people to top management.

Together with Cardo, an investment company which owns the only Swedish sugar company, KabiVitrum has just set up a laboratory in Stockholm for DNA research and development.

SWEDEN'S PHARMACEUTICAL COMPANIES

	Group sales (SKr m)		Foreign sales (per cent)		Pre-tax earnings (SKr m)	
	1979	1980	1979	1980	1979	1980
Astra	1,897	1,980*	71	72	152	172
Fortia	1,048	1,218	85	86	88	80
KabiVitrum	705	785	51	51	−22	− 2
Leo	391	438	31†		29	29
Ferrosan	145	157	9	9	0	− 7

Except for Astra, all 1980 figures are forecasts. * Sales development affected by shedding of non-pharmaceutical companies. † Percentage of pharmaceutical sales.

Plenty of scope for growth

CONTINUED FROM PAGE 1

Nobel, which earned Skr 183m, pre-tax, on consolidated sales of Skr 3.3bn in 1979, reported that its investments during the year maintained the "high level" of Skr 235m.

Last year, it announced that, together with Union Carbide, it would invest more than $80m through their jointly-owned subsidiary, Unifos, in a new plant to produce low density polyethylene. That is the only major capital spending project within the group, for the time being.

The rate of growth in Swedish pharmaceuticals has been faster in recent years than that achieved by the major international pharmaceutical companies. Between 1970 and 1979, the value of Swedish output multiplied four times to Skr 2.45bn.

This was partly due to the fact that the industry was expanding from a small base, but also to its impressive record for finding and launching new products. These were nearly all the result of intimate collaboration between company and university laboratories and there is little doubt that the power of Swedish pharmaceuticals resides in the singular flexibility of this interchange between corporate and academic research.

Swedish universities have a tradition for excellence in biochemistry and the medical sciences. They have always been outward-looking and keen to benefit from work done in the rest of the world. Hospital research in Sweden has been extensive and well-financed; a large proportion of medical graduates is involved in research work.

Limitations

The constraints on exploiting this "knowledge" potential have been financial—the difficulty for small companies to generate the profits needed—and business management. How do small companies achieve international penetration, especially when the cost is estimated to be double that of the already expensive research and development?

The recent history of Astra, the largest of the Swedish pharmaceutical companies, indicates that the Swedes are managing to secure the international "spread" that they require for their products. Astra has penetrated the U.S. market, where it now has a production unit, and it is also working hard in Japan.

Two recent developments in the international pharmaceutical industry may also be working in favour of the Swedes. The first is that the massive research and development organisations of some big international companies appear to have become bogged down. The gaps between their new product launches have been widening. Swedish companies, however, have been able to obtain favourable distribution agreements from the major companies for their new products.

The second development—allied to the first—is that technology within the industry has started to move from the development of synthetic chemical compounds (which had to be extensively and expensively screened, before use, for their effect on the metabolism of the human body) towards biotechnology, including genetic manipulation.

The new technology, based on leading biological ideas, does not call for such extensive screening of compounds. It also opens up opportunities for exploiting new knowledge in diagnostics, medical instrumentation and the development of complete therapies, rather than specific chemical compounds. Fortia is working hard to take advantage of what Mr. Gunnar Wessman, its managing director, describes as the new demand for multi-competence in pharmaceutical companies.

Opinions within the industry about the prospects for Swedish pharmaceuticals are by no means unanimous. Some feel that the companies are still too small to obtain the international penetration they need to fulfil the potential inherent in their research.

Excitement

But there is no doubting the excitement in some companies about the opportunities which they sense are within their grasp and which stem from the development of biomedical techniques and in biotechnology. The shift in emphasis within research from straight pharmaceutical preparations to adjacent fields, where chemistry is combined with other disciplines, is felt to be especially favourable for Sweden.

This development may also bring new blood into the industry. According to the grapevine, at least three concerns, which have not previously had pharmaceutical operations, have interesting projects at advanced stages.

Drug companies lead the way in research and development

THE SWEDISH chemicals industry is not given to investing very strongly in research. Its current expansion in the specialty field, for example, is being achieved mainly buying up foregn concerns. The exception may be Perstorp, which runs its own venture company and spends heavily on both product development and on *improving its processing* techniques.

The pharmaceutical companies, on the other hand, put substantial resources into research and development even when measured by world standards of what is by its nature a research-intensive business. This is one reason—though not the only—why at this stage in their history the pharmaceutical concerns are fathering more original products in relation to their size than are the leading international drug manufacturers.

But the Swedes, pharmaceutical and specialty chemicals companies alike, have a major problem to solve before they can cash in on the fertility of their research and product development. With only a small domestic market of 8m people they have to penetrate deep into international markets if they are to generate the cash required for further expansion and to pay for swelling research costs.

Even on the foreign marketing side some recent developments seem to be working in their favour, although delays and setbacks have occurred and companies have found their timetables for launching products and recovering costs slipping.

The pharmaceutical companies spent SKr 465m (£43.4m, $103m) on research in 1979. In recent years they have been accounting on average for about 5.5 per cent of total industrial research in Sweden, whereas the pharmaceutical industries in the other industrialised countries of the OECD had a 5 per cent share of national totals.

The big pharmaceutical companies in the OECD area spend about 10 per cent of their *sales on research and development*, U.S. companies about 9 per cent. The Swedes have been averaging 15-16 per cent of turnover. These figures illustrate the size of the effort being made but do not disclose other important peculiarities in the set-up of pharmacuetical research and development in Sweden.

Mr. Lars Adler, an internationally known consultant in the industry, singles out three elements — the decentralised organisation of Swedish research, its close ties with university and medical school research and its historical concentration of the biological and biochemical disciplines, to which the world pharmacuetical industry is increasingly turning.

The Swedes do not subscribe to the idea that scale advantages can be gained from big research operations. They are critical of the "silos," the skyscrapers along the Rhine into which the big Swiss companies pack brilliant researchers in an hierarchical bureaucratic system cut off from the rest of the world.

Co-operation

Swedish research units are small, have plenty of external contacts and are usually very close to both the production and marketing staff. Astra, for instance, has three independently operating research centres in Sweden, each linked to a product company, and one in Scotland.

At its Sodertalje headquarters research is directed to antibiotics, local anaesthetics and neuro-pharmacy. The Draco Company in Lund specialises in the treatment of asthma, allergies and skin diseases, while the Hassle unit focuses on heart diseases.

Each concentrates therefore on a particular therapeutical *field. Each, too, is closely tied* into research at the local universities of Stockholm, Lund and Gothenburg.

Healon, Pharmacia's new aid for eye surgeons, was the result, for instance, of the close relationship between an American researcher and Uppsala University. Mr. Gunnar Wessman, managing director of Fortia (Pharmacia's parent), argues that for a pharmaceutical company the Uppsala campus is "unique in the world and we would be remiss not to make use of it."

Alongside it in the relatively small town of Uppsala Fortia has a university hospital and bio-chemical centre with long traditions; training schools for pharmacists, veterinarians and agricultural students; the Swedish Food and Drug Office and a foodstuffs research centre.

Once this variety of local contacts is appreciated, it becomes less surprising to find that together with its straight pharmaceutical output Fortia runs rapidly growing operations producing diagnostic methods and kits and making separation products for laboratory work.

The Swedish pharmaceutical industry originated in pharmaceutical laboratories working with imported raw materials. Research came later and from the beginning it had a strong input of ideas from academic research. Nowadays the initiative may come more from the companies but the co-operation is still intimate.

This cross-fertilisation has being reinforced since 1973 by the introduction of the system of associated professors. These are people with high academic qualifications who devote about a fifth of their working time to a university and the rest to the industrial companies which are their main employers. Of about 50 such professors in Sweden 15 work for pharmaceutical companies.

The industry *finances most of* its research and development from its own resources. It benefits from some tax relief in that, when calculating their tax liabilities, companies can deduct 10 per cent of their research and development cost and 20 per cent of the annual increase in such spending.

Recently, after the spotlight *had switched to phramaceuticals* as a potential growth area, there has been much talk of reinforcing State backing for research and development. The most concrete result has come from the Board for Technical Development (STU). It has selected various fields where Sweden could possess advantages for "framework programmes."

These include one already started in hybrid (DNA) genetics designed to create a knowledge base for genetic technology and its industrial application. STU is also planning a similar programme for enzyme technology. Its experts have identified other areas requiring State support, such as immunology, virology, peptide hormone research, toxicology and pharmaceutical technology.

The companies welcome this kind of backing for new research but are anxious that the State concentrate on the training of qualified personnel in the universities and technical colleges. Some recent reports, notably one by the Academy of Engineering Sciences, have deplored a decline in the standards of university education.

To a layman's eye, however, it is on the marketing side that the Swedish pharmaceutical companies really need reinforcement—and for this they cannot turn to the State. Their growth abroad in recent years has been much faster than at home but it is arguable that they have failed to realise completely the sales potential of their products.

The reasons are partly the problems of getting drugs *registered* in other countries (although the Swedish medical services offer a fine system for clinical testing of drugs), partly the lack of financial resources. The Swedes appear to be still in an experimental stage in their foreign marketing, operating by trial and error.

Mr. Wessman admits that Pharmacia ran into trouble in *marketing its wound-healing* drug, Debrisan, in the U.S. "because we had too few people on the ground." Pharmacia has been raising its spending on marketing by 27 per cent a year and getting a sales growth of 18-19 per cent.

Now it has changed strategy. After making a licensing deal with Schering for France, it will *shortly announce a similar* marketing arrangement with an established company for the American market. Rast, Fortia's product for testing allergies and the biggest potential seller in its diagnostics division, has been hampered by registration difficulties in Japan but is poised for swift growth in that market.

The situation in the world pharmaceutical market may be favouring the Swedes. Big companies with established distribution organisations in the major markets, especially in the U.S. and Japan, at present lack new original products. There is competition for the right to market Swedish products and, it is understood, the Swedish companies have been able to secure some favourable agreements—"more like joint ventures than licensing arrangements," one manager said.

The largest Swedish company, Astra, would seem to be in a *later stage of development, however.* Having successfully licensed drugs to major companies in the U.S. and elsewhere, it is now trying to build up a sales apparatus of its own as a platform for the new products it will be launching later this decade.

On the specialty chemicals side, too, Perstorp's Mr. Karl-Erik Sahlberg anticipates closer co-operation with other companies in international markets in the future and foresees the growth of new jointly-owned sales companies. Both Perstorp and KemaNobel have also been moving their positions forward through purchases of small concerns.

There is another interesting aspect to the internationalisation of the Swedish pharmaceutical companies. Astra and Fortia have been attracting considerable interest among foreign investors. The time may be ripe for the Swedes to satisfy this interest and to raise some cash for expansion by offering stock abroad.

Research work at Pharmacia, one of Sweden's most research-intensive companies. Manufacturers such as Pharmacia are producing more original products in relation to their size than many leading international drug companies

In recent years, production increases have been particularly rapid for organic chemicals, plastics and pharmaceuticals. Here, WILLIAM DULLFORCE looks at developments in a wide cross-section of chemical companies.

KEMANOBEL

Inroads into new markets

THE LARGEST of the Swedish chemical concerns, the KemaNobel group, has a broad product-spread which ranges from basic chemicals to functional chemicals and consumer products.

Sales on foreign markets made up 55 per cent of its SKr 3.3bn turnover (£307m; $733m). In his last annual review, Mr. Ove Sundberg, the managing director, emphasised that continued internationalisation was essential to provide an adequate base for long-term profitability.

The KemaNord unit (1979 sales SKr 920m, operating profit SKr 132m) produces PVC, chlorine, caustic soda, silicon, nitrogen products and bleaching chemicals. It also operates the hydro-electric power plants which provide 65 per cent of the industrial units' needs.

The performance chemical unit (sales, SKr 841m, operating profit, SKr 32m), includes an adhesives and resins company, wood protection and anti-corrosion chemicals and a company specialising in additives and treatment systems for the meat and foodstuffs industries.

The consumer goods unit (sales, SKr 546m; operating profit, SKr 26m) makes soap and hygiene products and has expanded into seeds and bulbs.

Nitro Nobel (sales, SKr 546m; operating profit, SKr 71m) is the explosives unit, marketing systems for "moving rock." Nitro Nobel is also involved in several joint ventures in the Middle East and Far East and is developing a trading operation.

Group pre-tax earnings during the five years ending 1979 varied from SKr 191m to SKr 113m. Earnings per share reached a low of SKr 9.60 in 1978 and a high of SKr 16.60 in 1979, when the return on equity before tax was 20.8 per cent. Mr. Sundberg has set a goal of 23 per cent for return on equity. The dividend on the ordinary shares climbed from SKr 3.80 in 1975 to SKr 6.20 in 1979.

PERSTORP

Rapid rate of growth

PERSTORP, operated from a small town of the same name in *southern Sweden, is a relatively* small specialised chemicals group, which achieved faster growth than the rest of the industry during the 1970s. Its speciality is formalin processing, with production of polyalcohols, binders and moulding compounds.

Perstorp also has a building components' division, which manufacturers and markets decorative laminates, interior fitting systems and technical moulded plastic products. The company, originally established under the firm Skånska Attikfabriken, celebrates its centenary this year.

Of Perstorp's Skr 1.6bn *(£150m; $355m) turnover in the* 1979-80 fiscal year, 73 per cent was effected abroad: the company's recent growth has stemmed largely from aggressive internationalisation of technology and products developed domestically. It has a profitable operation in Brazil; it has invested heavily in new plant at Aycliffe in Britain, and is also working hard to penetrate the U.S. market.

Perstorp has averaged a 20 per cent annual expansion in sales during the past five fiscal years, with pre-tax earnings climbing from Skr 48m to Skr 111m before dipping slightly to Skr 109m, in 1979-80. Over the past four years, the return on equity has been within the 12 to 15 per cent range described by Mr. Karl-Erik Sahlberg, the managing director, as necessary for continued growth.

Capital spending has been high, culminating at Skr 139m last year. The dividend to shareholders has been raised each year since 1976-77, reaching Skr 5 in 1979-80.

ASTRA

Dominant drug company

ASTRA is the dominant Swedish pharmaceutical company and the one closest to challenging the world leaders in *its* field. Astra has an excellent research record, having launched a new heart disease drug (Seloken) and an anti-asthma preparation (Bricanyl) *in the 1970s.*

Astra was one of the first two companies in the world to introduce a betablocker (the other company was ICI), introducing a new therapy for hypertension.

It has ready for launching a new anti-depressive agent, a drug to resist herpes and, it is understood, a third in the dermatology area. To exploit this product stock, Astra has been working hard on the international marketing side, with varying success.

Over the past two years, Astra has freed cash for the promotion of sales by divesting itself of its non-pharmaceutical operations. It has concentrated heavily on the U.S. market, where it experienced a minor setback last year and had to re-organise its local management.

Turnover has grown by between 15 and 20 per cent a year (after adjustment for disposals) during the past five years and profit growth has kept pace.

Preliminary figures for 1980 indicate a pre-tax profit of SKr 172m, ahead by SKr 20m, on sales of SKr 1.98bn. Mr. Ulf Widengren, the managing director, is aiming at a further sales increase of 12 to 14 per cent this year and a profit growth of between 16 and 22 per cent. The shareholders' dividend has been increased each year since 1975.

FORTIA

Benefits within the group

FORTIA combines both a pharmaceutical company, Pharmacia, and three agency, marketing and service companies.

Pharmacia, which furnished 72 per cent of the group's SKr 1bn sales in 1979, is itself divided into three divisions — pharmaceuticals, diagnostics and separation products.

Mr. Gunnar Wessman, the managing director, sees advantages in cross-fertilisation among these three distinct operations and recent *experience has shown that a de*velopment in one sector can lead to a new sales product in another.

However, as with Astra, Fortia's principal challenge today is to successfully market its new products—in particular, Debrisan (a new wound-healing gel), and Healon (an aid to eye surgery).

Fortia has achieved leading world market shares in several biotechnological testing kits. It also has a large share in the market for the separation of protein molecules and cells and is building a new laboratory in a joint venture for industrial applications of cell biology.

Group sales have been rising by about 20 per cent a year, but recent profit growth has been lower. Pre-tax earnings are understood to have slipped from SKr 88m in 1979 to around SKr 80m last year. This is due mainly to delays in launching Debrisan abroad and in introducing diagnostic products to Japan.

KABIVITRUM

Heavy capital spending

KABIVITRUM, a state-owned pharmaceutical company, combines two pharmaceutical-producing operations and a generic drug marketing unit, ACO. The Kabi operation developed from a brewery and enzyme base into blood products, developing its own method for *fractionating* blood.

It also produces Crescormon, a growth hormone made from human pituitaries, which it is now starting to make from a new source material, a bacterium developed by Genetech by means of recombinant DNA techniques.

Kabi is the world's leading producer in this growth hormones market, which it estimates can produce sales of $40m a year.

The Vitrum unit manufactures insulin, but its most important products are solutions for intravenous nutrition. Its leading product is Intralipid, a high-calorie fat emulsion.

KabiVitrum reported a SKr 22m pre-tax loss in 1979 on a SKr 705m turnover. The loss was partly due to heavy capital spending on a new biochemical and organic chemical laboratory and other developments. A new managing director, Mr. Sigvard Lindhagen, has started to adjust *output to sales, to* introduce new top management and to trim costs.

BOLIDEN KEMI

A leader in its field

BOLIDEN KEMI, a wholly-owned subsidiary of the Mining and Metals Group, is based in Helsingborg in southern Sweden, where it was originally established to make sulphuric acid from the pyrites extracted from Boliden's mines in northern Sweden.

Boliden Kemi has a present capacity of 700,000 tons of sulphuric acid a year. It claims to be the leading producer of inorganic chemicals in Scandinavia; it supplies chemicals—sodium sulphate, aluminium sulphate—to the pulp and paper industry and has a specialty chemicals operation, in which the emphasis is on phosphates for detergents, sulphates for glass-making and chlorides for road surface treatment.

In 1979, Boliden Kemi earned Skr 30m pre-tax on sales of Skr 593m and returned 9.1 per cent on capital employed. The Boliden group as a whole reported a pre-tax profit of SKr 371m on a Skr 4bn turnover.

BEROL KEMI

Efforts to increase capacity

BEROL KEMI is a wholy-owned subsidiary of Statsforetag, the State holding company. It is organised into five producing divisions, making additives for the pulp and paper industry, ethylene amines, unsaturated polyesters and polyurethane systems, additives for the paint and cement industries, and ethylene oxide.

After a drastic reconstruction by Mr. Ralph Edebo Berol, managing director, Berol Kemi achieved its target returning to the black in 1979, after a SKr 50m loss in the previous year. Pre-tax earnings were SKr 415,000 on group sales of SKr 558m, of which export sales accounted for SKr 229m. Berol has since transferred Beroxo, the new Oxo plant, to Statsforetag.

The general downturn in the chemical business last year is estimated to have put Berol back into the red by about SKr 20m, the loss being increased by the 10 day strike and lockout last May. Investments have been made in increasing capacity and to improve the production economies. The management hopes to return to the break-even point this year.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Aid for innovation: theory and practice

BY CHRISTOPHER LORENZ

IT WOULD be hard to find a European small business success story to beat Nixdorf Computers. Over the past 15 years its sales have exploded, from DM 28m (£5.5m) to DM 1.56bn, and employment from barely 600 to 13,000.

Like his colleagues on the board, Klaus Luft, the deputy chief executive, disdains the current fashion for government funding of innovative small companies "giving money doesn't guarantee creativity," he says.

Yet over the eight years to 1980 the company accepted about DM 100m from the German government's data processing aid programme. Only a tiny fraction of what the giant Siemens group received, to be sure, but a measure of support for which many other small-to-medium-sized companies would have been decidedly grateful.

Why did Nixdorf accept it, in spite of its objections? "Because if we hadn't taken it, the money would have gone to our competitors," Luft admits ruefully.

Transposed on to an international level, a similar dilemma faces governments and companies in every European country: governments as to whether they should offer aid, companies as to whether they should demand or take it.

"We don't think state aid is effective, but if our competitors in Japan or France have it, we want it too," said a British chief executive at the European Management Forum's Davos Symposium earlier this month, where "State aid or not?" proved one of the most hard-fought issues.

Klaus Luft had the courage openly to admit the discrepancy between his company's theory and practice, whereas the Englishman insisted on anonymity in the light of a three and a half hour debate between 40 of his peers—mainly Britons—which had produced a crystal-clear conclusion: a ringing declaration in favour of a benign, unfettered climate for the competitive marketplace "so that innovation can flourish," and an outright rejection of virtually any form of government intervention in the innovative process (except for small companies, paradoxically in the light of Nixdorf's views).

This idealism persisted even in the face of a statement of the obvious from Viscount Davignon, the EEC Commissioner for Industry, that "it's not a question of whether the State should intervene. All States do—but some governments do it more intelligently than others." Even when Davignon claimed that West Germany intervenes twice as heavily as France, the free marketeers stood their ground.

So adamant were the businessmen that Government should not give support "to selected new technologies, industries or products" that they failed to distinguish between research and development funding on the one hand and the financing of specific products on the other.

It would have been entirely in harmony with their principles, for example, for them to have taken a leaf out of Klaus Luft's book by demanding specific tax incentives for all private sector research and development — a frequent demand of the U.S. business community.

Generic

Equally, it was left to an international civil servant to point out that even the market-conscious Americans had pressed for, and begun to receive, state support for the development of selected technologies which are "generic" to several different industries—such as robotics—in order to reduce the individual company's development risks. It could hardly be said that this sort of aid has a distorting effect on competitive forces in the market place.

A few short hours after the 40 men had made their free market declaration, the measured tones of Derek Alun-Jones, managing director of Feranti, were to be heard pleading with Viscount Davignon and a British government minister for an agreed European strategy for government support of high technology industries.

Faced with the Japanese onslaught in all forms of electronics, "we are in a competition, and we are losing it," Alun-Jones declared. Too much attention was being paid to the old industries and too little to the new. How could, for example, the British Government justify spending several billions of pounds on steel and cars, and only £50m on microelectronics?

The debate was back down to earth, where it belongs.

A banking laggard lengthens its European stride

FT staff in Paris, Frankfurt and London on the Midland Bank's acquisition trail

Herve de Carmoy: a banker with "superb connections" within the French establishment, and a previous career at Chase Manhattan

MIDLAND BANK, the third biggest of Britian's Big Four clearing bank groups, is currently engaged in a major expansion of its international banking operations.

So far most attention has focused on the $820m plan to acquire control of Crocker National Bank in the U.S., which will be the biggest ever foreign bank acquisition there. But closer to home Midland has been quietly building up muscle in Continental Europe.

Already, as a result of investments and acquisitions over the past two years, it has become the second largest foreign bank in France, has acquired a well-known German merchant bank, and is well on the way to having a physical presence in several other European countries.

One of the most interesting features of this expansion is the man that Midland has chosen to carry out the plan. He is a 43-year-old Frenchman called Herve de Carmoy, a banker with superb connections within the French establishment, a Cornell master's degree and a banking background at Chase Manhattan.

The basis for Midland's European growth strategy was laid around 1974-75, when management decided to break with the old policy based on correspondent banking links and particularly consortium bank ventures through the EBIC club. By then it had become clear that Midland needed its own businesses on the ground throughout the world, and that the once-dreamed of mammoth Eurobank combining names like Midland, Deutsche Bank, and Societe Generale of France would never emerge.

On the contrary, some of Midland's partners in the EBIC club—such as Deutsche Bank and Societe Generale—were already expanding their own operations in various financial centres around the world in competition with EBIC joint ventures.

"Our new strategy was based on the premise that we wanted to be and to be seen to be a major international bank. It was then clear that the United States and Europe would be top of our list," explains Geoffrey Taylor, deputy chief *general manager at Midland.*

The European strategy began to take shape in 1978 when Midland recruited Herve de Carmoy. Then the detailed planning began. "We decided to look for market segments which offered long-term profitability. In every country we wanted to achieve the same rate of return as the top domestic banks in that country."

The process of expansion started in France, where Midland established a subsidiary, Midland Bank France SA (MBFSA) in 1978. "We started from the fact that Midland had an international name and that this name could help it in three main areas—wholesale lending to large corporations, loan syndication, and money market operations," says de Carmoy.

At MBFSA his belief was that the area of wholesale international banking lent itself to a small unit, backed by a big enough name to raise money, but tightly enough run to control lending costs effectively. "This is a market of large volumes, fairly competitive spreads and considerable activity."

Syndicated business

This cost-cutting approach reinforced the decision to fight shy of the costs involved in High Street retail banking. MBFSA has no current accounts and no cheque books. It operates out of only one building in the fashionable Rue Royale next to Maxim's restaurant in Paris.

With a staff of just 40 people, MBFSA made corporate loans of $168m in 1979, acted as lead manager or agent on $117m worth of syndicated business, arranged co-management on another $449m, and conducted spot dealing in the money market at the rate of between $500m and $600m a day.

MBFSA finished 1979 with a profit of FFr 8.7m. But by that time de Carmoy had already taken the second step in Midland's expansion in France, laying out FFr 124m for 68 per cent of Banque de la Construction et des Travaux Publics (BCT), a property-oriented mortgage bank which had fallen *on hard times because of* unexpected bad debts.

This move took Midland into a fairly lucrative segment of the French banking market, but still avoided competition with the big High Street banks. BCT has only 14 branches in the main provincial towns.

BCT's main attraction lay in its substantial French franc lending capacity under present government credit control regulations. MBFSA, by way of contrast, still *only has a FFr 160m* statutory lending ceiling.

As a result of the BCT acquisition Midland is now able to service its UK corporate clients in France in a much better way than previously. Herve de Carmoy says that BCT already has around 60 such UK customers on its books.

With its immediate French ambitions on the way to being satisfied, Midland then turned to Germany, a country well known to be one of the toughest *markets for foreign banks* anywhere in the world and one where a number of banks have had to abandon expansion plans.

In July last year Midland announced that it was spending over $100m for a 60 per cent stake in a famous Dusseldorf-based private bank, known as Trinkhaus and Burkhardt. The seller was Citibank, which had apparently found that Trinkhaus and its own Frankfurt bank were not quite as compatible as originally envisaged.

It could just be that the Trinkhaus deal will come right for Midland as much through good fortune as planning. It has bought Trinkhaus at a time when the German banks are becoming more concerned with profitability and less with asset growth. This alone should certainly make for a more profitable banking climate in Germany.

Midland was attracted to Trinkhaus because it would give it a direct and immediate *entré* to the German corporate banking market, an area where foreign banks have so far made very little progress. The significance of the deal can be judged by noting the similarities of Trinkhaus with any of the larger City of London accepting houses, or merchant banks. Its main strength lies in the corporate field and includes acceptances, trade finance and guarantees. Herve de Carmoy says that most of the major German companies are found among its borrowers and depositors, a position which is well buttressed by its membership of several key West German lending syndicates. Midland obviously hopes that its ownership of the majority of Trinkhaus will do nothing to change that.

Another important aspect of Trinkhaus' business — which Midland is now likely to expand greatly — is money market, treasury and foreign exchange dealing. Another is portfolio management.

The Trinkhaus deal has also brought Midland a subsidiary bank in Switzerland, satisfying another of its ambitions.

Sophisticated markets

But the European strategy does not end there. Midland has been considering a possible acquisition in Spain, but has decided instead on a branch approach. Branches are also planned for Italy and Greece, while a U.S.-style loan production office might be set up in the Netherlands. A branch or subsidiary may also be established in Hamburg, while any chance that arises to enter the French leasing market would also be pursued.

De Carmoy explains the rationale for this: "In sophisticated markets like the U.S., Germany and France the acquisition route is the most effective way of becoming a member of the banking community. In the less financially sophisticated nations the branch route makes sense." As if to prove his point, he compares Midland's French operations now with those of the top U.S. banks there which are mainly branch based operations that have been established for decades. "Within three years we have achieved the same lending volume through acquisition with only one-eighth of the costs."

In all of this it should be noted that Midland is unlikely to move directly into branch banking for retail customers anywhere in Europe where its EBIC partners are based. This is because there is what Midland executives refer to discreetly as "an understanding" between club members that they will not compete directly with each other for retail business.

Instead Geoffrey Taylor prefers to talk about the opportunities which the new operations offer for selling the Midland group's wide range of banking services throughout Europe. He points to the deal under which Thomas Cook has become a central feature in the new Euro Travellers' Cheque consortium. "There is a lot of opportunity for synergy in activities like this," he says.

It is, of course, no foregone conclusion that Midland's European strategy will indeed work out exactly as planned. What can be said is that it looks a more viable proposition than the alternative of building up everything from scratch.

Midland accepts that it has come late to the European market; a few years ago, for example, it had no exposure in France. But Geoffrey Taylor believes that it would still be wrong to underestimate the importance of the EBIC connection, which "fertilised the ground for us for a decade before we moved in."

"We would never have got on so well in France and Germany without the quality of the relationship we have through EBIC," observes Herve de Carmoy.

Inevitably there must be dangers for a bank which is expanding so fast around the world. The point has been made for instance that expansion through acquisition can be much more difficult in countries with a different language. But Midland reckons it has dealt with this by buying in a small team of managers like de Carmoy who can speak several European languages.

A longer term problem which it will eventually have to face up to concerns the future careers of men like de Carmoy. Already senior people at Midland's head office in London are open in their praise of his *abilities, as well as those of* several other bankers in the group's French and German subsidiaries. Yet de Carmoy has not yet been appointed to the Midland main board.

In fairness, Midland has shown more willingness than some of the other UK clearers to get away from the old traditions of inbred High Street clearing bank management. Furthermore, a forthcoming reorganisation of the group *management structure should* go some way to break down the divisions between the domestic and international sides of the group.

This article was written by Terry Dodsworth in Paris, Stewart Fleming in Frankfurt and Michael Lafferty in London.

LOMBARD

Why funny money is not funny

BY ROBIN PAULEY

THE ONLY certain thing about the very uncertain world of funny money economics is that the results it produces will always be far from amusing for those involved—although for disinterested spectators, journalists and bemused visitors from other planets they sometimes look truly hilarious.

In spite of all the warning signs—not least the very funny (i.e., odd) results of his last funny money exercise with local authorities in England and Wales—Mr. Michael Heseltine, Environment Secretary, has now embarked on another. It has hardly begun and already *is* showing all signs of turning out to be a classic of its kind—upsetting Government supporters, helping opponents, achieving increases in expenditure figures which it is designed to reduce, turning underspenders into overspenders and generally producing potentially very funny (i.e., silly) results.

Funny money is a fashionable and notorious way of expressing expenditure in "volume" terms. This represents an attempt to manage expenditure by concentrating on physical units—the NUMBER of teachers, garbage carts, library *books, meals on wheels,* school buildings, etc., and not the COST. If the physical number rises, that is an increase in expenditure, but if the price rises, no matter by how much, that is not an increase in expenditure volume. So if the number of teachers, for example, is halved but the salaries of the *remainder rises by, say, 100 per* cent, it nevertheless counts as a 50 per cent cut in the volume of expenditure.

Upsetting

Not the least absurd result of measurements from this indicator is therefore that councils can show they are reducing their expenditure — often dramatically—while they are in fact increasing their cash, the actual cost of their spending. More upsetting for prudent councils is that the converse is equally true.

It is now high time for Mr. Heseltine—and the Government—to forget about volume targeting because

(i) as a concept it is a disincentive to consider relative cost changes in spending plans and so is a disincentive to efficiency.

(ii) it introduces a base which differs from the base on which councils budget — estimated actual expenditure which includes pay and price provision. (The super-imposition of the crude cash limits device on top of these differing bases hardly aids clarity or consistency.)

(iii) volume calculations ignore the horrible relative price effect (RPE)—the tendency of public sector costs to increase by about 1 per cent per year more than *the* general price level — and so make council spending figures look less expensive than they really are.

Restricted

Instead, any use of volume should be restricted to the *planning stages. Controls of* local authority spending should be in actual money terms, which used to be known as cash. Civil servants seem to understand cash well enough when they are counting their pay, buying apples or paying their rates but not when they are constructing obscure targets *and indicators for public* expenditure.

The Armstrong Committee produced the germ of an excellent remedy last year: the measurement of all expenditure in cash terms. This would involve stating spending plans as they would be if there were no inflation and the plans would then be adjusted (because of inflation) by one general price index. If the cost of a school building or a mobile meal rose by more than the rise in the general price index it would count as a real increase in spending which seems sensible enough for everyone, not least *the confused ratepayer,* to understand.

The alternative is to continue with the topsy-turvy world of volume The results were a mess for Mr. Heseltine last year and promise to be worse this year—underspending Tory counties are already being turned into big overspenders. He will have only himself and some persistent civil servants to blame if funny money makes him a laughing stock.

The bulbs for a summer flower bed

GARDENS TODAY

BY ROBIN LANE FOX

BY FAR the finest plant in my garden this week is an iris. The frost cannot upset its brilliant blue flowers. The rain has not ruined the lovely orange markings.

Before you suspect that it is made of plastic, I will reveal that it *is* called *Iris Histriodes* Major, that you should have planted its small bulbs last autumn, and that any lazy gardener can grow it, although it flowers at a height of six inches. Much could be guessed about its history, but this week I only want to say that it lasts well from one year to the next and will multiply freely on almost any soil.

The bulbs are not too expensive, but they give much better value than the cheaper varieties of reticulata, which seemed to disappear after two years on most English soils and resent any wet winter.

Histriodes Major shines at ground level like a piece of brilliant blue pottery, as if you had left a teacup by mistake in your garden, before hurrying indoors to escape a cold February twilight. I know no brighter small flower, and, if you want one momento of this column for 1981, this is the plant which you ought to follow up.

No sooner is this iris from the bulb catalogues in full flower than I find myself running through their lists in order to find supporting flowers for the summer.

Mid-February is a last chance to book the bulbs which can lift a summer flower bed out of the usual range of annuals and roses. The bulbs tend to be the less hardy varieties, whose flowers are specially exotic. My richest colours and most *spectacular markings are found* in this February hunt through the lists.

If you have a new garden and are short of height or immediate colour, I urge you to explore these summer bulbs, a certain way of brightening the beds. Many of the best can be left *in the ground and will persist* for years, so long as you do not spike them, like chestnuts, when you fork the beds in winter.

This year, I am buying up stock of a superb small bulb for edging, and massing along border-lines and between the flights of garden steps. It is a first cousin of the chives and onions and is available from alpine nurserymen as allium cernuum.

The Latin name translates as "drooping onion," or garlic, and, although I would not care for its title. I would go a long way for its drooping heads of rose-pink flower in early July.

They match unusually with the colour in many old-fashioned roses, with the white of violas and the glaucous blue leaves of the sumptuous hosta. Almost nobody does them justice, as a *plant for the front bench beside* the path or gravel, the site where some people like to put that dreary white and lilac alyssum.

My drooping onion is usually listed as pot-grown and can be planted safely during the next two months. It likes gritty drainage and room for its future seedlings. Small groups of three will impress you from the first year onwards.

I wish that a good flower painter would devote a season to the small forms of allium, whose colour, angled heads of flower, and green-grey leaf would be such a chance for a *portrait of distinction.* If an exhibition of garden garlics failed to draw the crowds, it would only fail because the public did not know its onions.

Other alliums deserve a place, sometimes a very prominent place, especially if they have blue flowers. I admire a gardening friend who owns 23 different varieties, in a garden whose strength lies in its roses. The two families pair happily. I leave you to explore them, advising you that any variety over two feet tall is worth buying. For height and colour I would rate them with my regular tips.

These, in case you missed them, are the brilliant flame-orange Lily Enchantment, all the orange-flowered August lilies, like henryi with reflected flowers and the superb galtonia or summer hyacinth.

I recommend these lilies because they will grow and persist on any soil, however, alkaline. Others may be subtler, but they are also impermanent.

The summer hyacinth, however, is as lovely as any of them. Its broad leaves count against it, but its value lies in the three- or four-feet stems of well-spaced white flowers, which hang down like fine teeth.

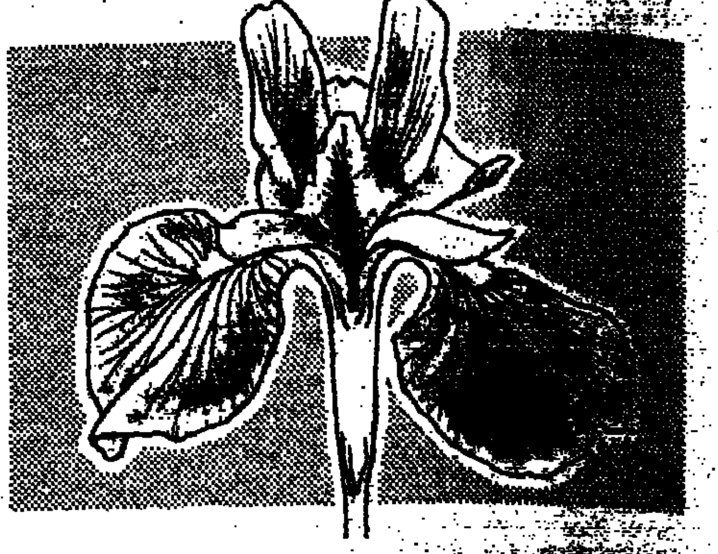
Few gardeners realise that it will germinate freely from the big, black seeds which ripen by October. They are easily sown in a box and will grow on steadily to the big rounded bulbs which expand to the size *of a tennis ball.*

There are only two small tips for unwary growers. The bulbs like to be buried deeply, so that they are out of a fork's way. A depth of 6 in settles them peacefully into bed and will help them to persist in any rich soil which drains reasonably. My groups thrive in half shade, like the clumps which used to grow in grand Edwardian shrubberies and woodland clearings.

Remember, however, that each bulb is large and cannot be tucked in between dormant clumps of well-equipped plants, like phloxes or day lilies.

A Galtonia has to have room, not least for the leaves, which look clumsy, until they flock forward in late July and lose their heavy shape on the border's floor. Then, the flower spike has the scene to itself, a *wonderful* flower for a new border or a bed [illegible] peaks early with the [illegible] border poppies. [illegible] these lovely bulbs are still dirt cheap.

Years ago they were discovered in South Africa by Mr. Galton, a hardy Victorian traveller. To criminals, Galton still means the fingerprint, the method of detection which he first made popular. Summer hyacinths led him down a different trail, a [illegible] from nature which has brightened August gardens ever since.



The iris: any lazy gardener can grow it

Parlour Game's affinity for mud puts her at top of Lincoln field

RACING

BY DOMINIC WIGAN

WITH THE announcement that joint-favourite Carpet General will miss the William Hill Lincoln, I suspect Parlour Game will shortly became a clear market leader.

Willie Carson has been approached for the ride on this Ron Smythe-trained filly and the champion jockey is expected to confirm the grey as his mount *within the next few days.*

Parlour Game, the good-looking daughter of Birdbrook, excels in the mud and is likely to be at an advantage over many of her rivals at Town Moor on March 28.

A 25-1 chance in early December, Parlour Game has been backed through all rates over the past ten weeks and now stands at 12-1 with the sponsors. However, she has already gone to 10-1 with the Tote.

Another good demand (principally on the rumour of an anticipated booking) is Abington.

Lester Piggott will likely have his final Lincoln ride on this Jukebox colt, who would have won the 1979 William Hill Middle Park Stakes, according to trainer Harry Wragg, but for the cough which kept him out of the race.

Abington, a handsome son of Silky is 16-1 with both William Hill and the Tote.

The Tote, incidentally, report having laid News King to lose £11,000 in one hand for the Waterford Champion Hurdle.

Latest William Hill Lincoln odds—12-1 Parlour Game; 14-1 Herons Hollow and Black Minstrel, 16-1 Atlantic Boy, Kings Ride and Abington, 20-1 Saher, Conbrian, End Of War, Glowing Tan and Greenwood Star; 25-1 bar.

Irish trainers are launching a strong challenge for two of *the principle supporting races,* the Sun Templegate Hurdle and the Sean Graham Hurdle, at the Grand National meeting.

The Irish have nominated 22 of the 62 entries for the £15,000 Sun Templegate Hurdle on Grand National day, and 25 of the 92 entries for the £12,000 Sean Graham Hurdle on the Friday.

Daring Run heads the Irish challenge for the Sun Templegate race with Carrig Willy.

TV/Radio

BBC 1

† Indicates programme in black and white

9.05 am For Schools, Colleges. 11.25 You And Me. 11.40 For Schools, Colleges. 12.42 pm Regional News for England (except London). 12.45 Pebble Mill At One. 1.45 Trumpton. 2.01 For Schools, Colleges. 3.00 Speak For Yourself. 3.25 Delia Smith's Cookery Course. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Touché Turtle. 4.25 Jackanory. 4.40 Take Hart. 5.00 John Craven's Newsround. 5.05 Break In The Sun. 5.35 The Perishers.

5.40 News.
5.55 Nationwide (London and South East only).
6.20 Nationwide.
6.55 Triangle.
7.20 The Wednesday Film: "Mr. Forbush and The Penguins," starring John Hurt, and Hayley Mills.
9.00 News.
9.25 Open Secret.
9.55 Sportsnight.
10.45 Parkinson.
11.45-11.50 News Headlines.

All Regions as BBC 1 except as follows:

BBC Cymru/Wales — 10.30-10.50 am I Ysgolion. 11.02-11.22 I Ysgolion: Ffenestri. 1.45-2.01 pm Mister Men. 2.18-2.38 I Ysgolion: Hyn O Fyd. 5.05-5.35 Grange Hill. 5.55-6.20 Wales Today. 6.55 Cartoon (Bugs Bunny). 7.00 Heddiw. 7.35 Antur I'r Andes. 8.05 Triangle. 8.30-9.00 Cousins, Family and Friends. 11.45 News Headlines, News and Weather for Wales.

Scotland—12.40-12.45 pm The Scottish News. 5.55-6.20 Reporting Scotland. 9.55-10.45 Sportscene. 11.45 News Headlines, News and Weather for Scotland.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 7.45 News Headlines, News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds); Look North (Newcastle); Look North West (Manchester); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

6.40-7.05 and 7.30-7.55 am Open University.
10.20 Gharbar.
11.00 Play School.
4.50 pm Open University.
†5.40 Charlie Chaplin in "Behind the Screen."
6.10 16 Up.
6.35 The Master Game.
7.05 Grapevine.
7.35 Mid-Evening News.
7.45 Travellers in Time.
8.15 Ashkenazy and Haitink in Concert.
9.00 MASH.
9.25 Sons and Lovers.
10.20 God And The Scientist.
10.45 Newsnight.

BBC 2 Scotland only—1.15-1.45 pm Cearcall.

LONDON

9.30 am Schools Programmes. 12.00 Cloppa Castle. 12.10 pm Rainbow. 12.30 About Britain. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Crown Court. 2.00 After Noon Plus. 2.45 Fantasy Island. 3.45 Movie Memories. 4.15 Dr. Snuggles. 4.20 Runaround. 4.45 Brendon Chase. 5.15 Mr. and Mrs.

5.45 News.
6.00 Thames News.
6.25 Help!
6.35 Crossroads.
7.00 This Is Your Life.
7.30 Coronation Street.
8.00 "Rollercoaster," starring George Segal, Richard Widmark and Timothy Bottoms.
10.00 News.
10.30 A Long Term Solution.
11.30 United States v The World.
12.25 am Close: "Sit Up And Listen," with Hugo Young.

All IBA Regions as London except at the following times:—

ANGLIA

9.15 am Jobline (guide to job availability in East Anglia). 1.20 pm Anglia News. 3.45 The Entertainers. 6.00 About Anglia. 11.30 S.W.A.T. 12.25 am The Big Question.

ATV

1.20 pm ATV News. 2.45 Starparade. 5.15 In Loving Memory. 6.00 ATV News. 6.05 Crossroads. 6.30 ATV Today. 11.30 ATV News. 11.35 Late Night Country Music: Loretta Lynn In Concert.

BORDER

1.20 pm Border News. 2.45 The Love Boat. 5.15 University Challenge. 6.00 Lookaround Wednesday. 11.30 Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News What's On Where. 2.45 Celebrity Concert. 5.15 University Challenge. 6.00 Channel Report. 10.28 Channel Late News. 11.30 Epilogue followed by News and Weather in French.

GRAMPIAN

9.25 am First Thing. 1.20 pm North News. 5.15 Batman. 6.00 North Tonight. 11.30 Murphy's America. 12.30 am North Headlines.

GRANADA

1.20 pm Granada Reports. 2.00 Live From Two. 2.50 Family 5.15 Welcome Back, Kotter. 6.00 Granada Reports. 6.25 This is Your Right. 11.30 Bluey.

HTV

1.20 pm HTV News. 2.00 Houseparty. 2.25 "Go West Young Girl," starring Stuart Whitman. 5.15 Dick Tracy. 5.20 Crossroads. 6.00 Report West. 6.30 Survival. 10.28 HTV News. 11.30 Superstar Profile.

HTV Cymru/Wales—As *HTV West* except: 12.00-12.10 pm Flalabalam. 4.15-4.20 Treasure Island. 4.45-5.15 Streeon Y Byd. 6.00 Y Dydd. 6.15-6.30 Report Wales.

SCOTTISH

1.20 pm News Headlines and Road and Weather Report. 2.45 Certain Women 5.15 Pet Subject. 5.20 Crossroads. 6.00 Scotland Today. 6.15 Toye's Talk Back. 6.30 Weir's Way 11.30 *Late Call. 11.35 Musical Special.*

SOUTHERN

1.20 pm Southern News. 2.00 Houseparty. 3.20 Survival. 5.15 Betty Boop. 5.20 Crossroads. 6.00 Day By Day. 6.35 Scene Midweek (South East Area only). 11.30 That's Hollywood.

TYNE TEES

9.20 am The Good Word. 9.25 North East News. 1.20 pm North East News. 1.25 Where The *Jobs Are.* 2.45 *Danger* UXB. 6.00 North East News. 6.02 Crossroads 6.25 Northern Life. 10.30 North East News. 11.30 Camera. 12.00 Never The Same Again.

ULSTER

1.20 pm Lunchtime. 4.13 Ulster News. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Good Evening Ulster. 10.29 Ulster Weather. 11.30 Bedtime.

WESTWARD

12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 2.45 Celebrity Concert. 5.15 University Challenge. 6.00 Westward Diary. 10.31 Westward Late News. 11.30 Faith For Life. 11.35 West Country Weather and Shipping Forecast.

YORKSHIRE

1.20 pm Calendar News. 2.45 Lifeline. 5.15 Different Strokes. 6.00 Calendar (Emley Moor and Belmont editions). 11.30 Paris By Night.

Radio Wavelengths

1	1053kHz/285m 1089kHz/275m	3	1215kHz/247m & 90-92.5vhf stereo
2	693kHz/433m 909kHz/330m & 88-91vhf stereo	4	200kHz/1500m & 92.95vhf

BBC Radio London: 1458kHz, 206m & 94.9vhf
Capital Radio: 1548kHz, 194m & 95.8vhf
London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

(S) Stereophonic broadcast
‡Medium wave

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.00 Andy Peebles. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.30 Dave Lee Travis. 4.30 Steve Wright. 7.00 Radio 1 Mailbag. 8.00 Richard Skinner 10.00-12.00 John Peel (S).

UHF Radios 1 and 2: 5.00 am With Radio 2. 9.00 pm The Songwriters (S). 9.55 Sports Desk. 10.00 With Radio 1. 12.00-5.00 am With Radio 2.

RADIO 2

5.00 am Bob Kilbey (S). 7.30 Terry Wogan (S). 10.00 Jimmy Young (S). 12.00 David Hamilton (S). 2.00 pm Ed *Stewart's Request Show* (S). 4.00 Much More Music with David Symonds (S). 6.00 John Dunn (S). 8.00 Listen To The Band (S). 8.30 Alan Dell with Dance Band Days (S). 9.00 Cricket: First Test (West Indies v England in Trinidad). 9.30 The Songwriters (S) (joins VHF). 9.55 Sports Desk 10.00 Tony's starring Victor Spinetti. 10.30 Peter Skellern says Be My Guest. 11.00 Brian Matthew with Round Midnight, including 12.00 News. 2.00-5.00 am You And The Night And The Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Your Midweek Choice (S) 8.00 News. followed by Your Midweek Choice (continued). 9.00 News. 9.05 This Week's Composers: Dunstable and Power (S). 9.35 Schubert and Schumann piano recital (S). 10.35 Music For Organ (S). 11.15 Berlin Philharmonic Orchestra (S). 1.00 pm News. 1.05 Concert Hall (S). 2.00 Test Match Special: West Indies v England. 4.05 Wordsworth: The Prelude (abridged reading). 4.30 Mozart and the Violin. 4.55 News. 5.00 Mainly For Pleasure (S). 7.00 A Second Volume. 7.30 Schubert piano music (S). 7.40 Lippmann Reassessed. 8.00 BBC Symphony Orchestra from the Royal Festival Hall London, part 1: Zemlinsky. 8.50 Six Continents. 9.10 BBC Symphony Orchestra, part 2: Beethoven (S). 10.00 Musick's Monument (S). 10.45 The Cozens Lute Book (S). 11.00 News. 11.05 Lullabies Of My Sadness (S). 11.15-11.30 Test Match Special (Review of the day's play).

VHF—with Medium Wave except as follows: 5.55-6.55 am Open University. 2.00 pm Music Weekly (S). 2.50-4.05 20th-Century Music for Two Pianos (S) and 11.15-11.55 Open University.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today, including 6.45 Prayer for the Day. 7.00, 8.00 Today's News. 7.30, 8.30 News Headlines. 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Mid-Week: Morgan Talk. 10.00 News. 10.02 Gardeners' Question Time. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Baker's Dozen. 12.00 News. 12.02 pm You And Yours. 12.27 Frank Muir Goes Into . . . Deceit (S). 12.55 Weather: Programme News. 1.00 The World At One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Afternoon Theatre. 3.50 Through My Window: Spike Milligan looks through the *window of his Hertfordshire home.* 4.00 Choral Evensong (S). 4.45 Story Time. 5.00 PM: News Magazine. 5.50 Shipping Forecast. 5.55 Weather; Programme News. 6.0 News. 6.30 My Music (S). 7.00 News. 7.05 The Archers. 7.20 Checkpoint. 7.45 Crime and Society. Yesterday's Tuesday Call phone-in. 8.45 File on 4. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 There Were Giants In Those Days. 11.00 A Book At Bedtime. 11.15 *The Financial World Tonight.* 11.30 Today in Parliament. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 9.03 Morning Star. 10.03 The Robbie Vincent Telephone Programme. 12.30 pm London News Desk. 12.40 The Tony Fish Total Music Show. 2.30 Tony Blackburn. 5.05 The News. 5.15 Music On The Move. 6.33 The Name Of The Game. 7.03 Black Londoners. 8.00 As Radio 1. 10.00 Question Time from The House of Commons. 11.00-5.00 am Join Radio 2.

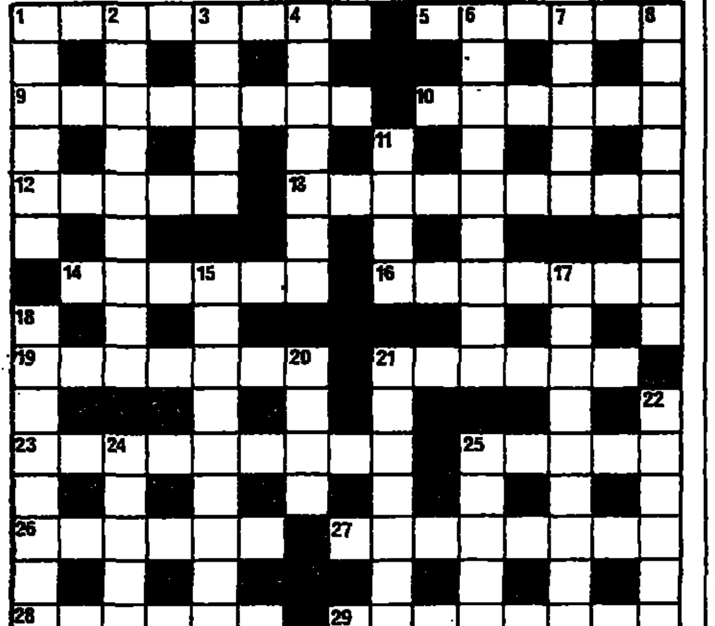
London Broadcasting

6.00 am AM—Bob Holness and Douglas Cameron. 10.00 Brian Hayes. 12.00 LBC Reports. 7.00 pm London Life. 9.00 Mike Dickin—Nightline. 12.00 LBC Reports Midnight. 1.00 am Night Extra. 4.00 Network. 5.00 Morning Music.

Capital Radio

6.30 am Mike Smith's Breakfast Show. 10.00 Michael Aspel. 12.30 pm Graham Dene. 1.00 First Report. 1.10 Graham Dene (continued). 3.00 Roger Scott. 7.00 London Tonight. 9.00 Nicky Horne. 11.00 Tony Myatt's Late Show. 2.00 am Night Flight.

F.T. CROSSWORD PUZZLE No. 4,498



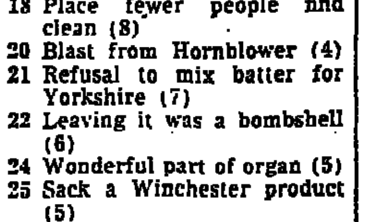
ACROSS

1 Sole well-grounded by a whisker (4, 4)
5 Pet company's collection (6)
9 Terry at first showering during practice (8)
10 A survivor left behind (6)
12 Religious instruction? Heavens it's dangerous (5)
13 Quietly hides stories to follow green light (4, 5)
14 Caught doctor returning suitable sweet (6)
16 Lag in woman's clothes with broken leg (7)
19 May 10p be made into reward? (7)
21 Gangster put a stop to it we hear (6)
23 Evidence of experiment I am taking round New York (9)
25 Boss who may have two feet (5)
26 River taking politician to West-end free (6)
27 Oppose taking prisoner on promenade (8)
28 Argentine money (6)
29 Nose running big headline (8)

DOWN

1 How's that for uproar? (6)
2 Takes Government support along to front-page feature (4, 5)
3 Girl spinner (5)
4 One kind of shirt or another garment (7)
6 Superior depicted as far from creditworthy (9)
7 Type of music that provides fair amusement (5)
8 Repeatedly drummed into newsman *after* military display (8)
11 Tear into ringleader before scrap (4)
15 19 unaffected by estate (3, 6)
17 Restaurant of third degree (5, 4)
18 Place fewer people find clean (8)
20 Blast from Hornblower (4)
21 Refusal to mix batter for Yorkshire (7)
22 Leaving it was a bombshell (6)
24 Wonderful part of organ (5)
25 Sack a Winchester product (5)

Solution to Puzzle No. 4497



ENTERTAINMENT GUIDE

OPERA & BALLET

COLISEUM. ENGLISH NATIONAL OPERA. [illegible]

COVENT GARDEN. [illegible]

SADLER'S WELLS THEATRE. [illegible]

THEATRES

ADELPHI. [illegible] TONY BRITTON. JILL MARTIN. PETER BAYLISS in MY FAIR LADY. [illegible]

ALBERY. [illegible]

ALDWYCH. [illegible] SHAKESPEARE COMPANY. [illegible]

AMBASSADORS. [illegible]

ARTS. [illegible]

COMEDY THEATRE. [illegible]

CRITERION. [illegible]

DUKE OF YORK'S. [illegible]

DRURY LANE. [illegible]

GARRICK. [illegible]

GLOBE. [illegible]

GREENWICH THEATRE. [illegible]

HAYMARKET. [illegible]

JEANETTA COCHRANE. [illegible]

KINGS HEAD. [illegible]

LYRIC. [illegible]

NEW LONDON THEATRE. [illegible]

[illegible]

CINEMAS

[illegible]

ART GALLERIES

[illegible]

CLUBS

[illegible]

EXHIBITIONS

[illegible]

THE ARTS

Television

The cult of the criminal

by CHRIS DUNKLEY

Last night's television film *A Sense of Freedom* about murderer Jimmy Boyle was technically brilliant. Writer Peter McDougall and director John Mackenzie have worked together before using similar Glasgow backgrounds to give us *Just Another Saturday* about the "stick swinger" in an Orange Day parade and *Just A Boys' Game* about a couple of hard-drinking, hard-fighting Clydeside tearaways.

Grit under the fingernails reality is their trademark, and *A Sense of Freedom*, with up-from-the-gutter photography by Chris Menges, was more dreadfully vivid even than the other two. The wet cobbles, the butcher's knife in the guts, the Gorbals tenements, the man retching with fear before facing moneylender Boyle whom he could not repay — it was all appallingly graphic and believable.

A major contribution to the credibility came from David Hayman, an actor new to me whose bravura performance in the central role frequently made you forget that this was dramatisation, not documentary. Producer Jeremy Isaacs, himself a Glaswegian and the man who is to run Britain's fourth television channel, persevered with the work in the face of much opposition and must have the credit for putting such a talented team together.

But it was the magnificent Hayman whose skills counted most. He portrayed Boyle as the sort of man who, in other circumstances, might be hero-worshipped by a nation: small yet pugnacious and fearless, virtually impervious to pain, and a natural leader of those around him. Hospitalised after having his limbs hammered to a pulp by a rival street gang, and supposedly laid up for weeks, he made his henchmen carry him back to the pub to sit propped up, seeping blood but grinning so as to put the fear of God (or perhaps the Devil) into his assailants.

Had he been 20 in 1940 and encouraged to wield a Commando dagger, goodness knows what heights he would have risen to. Instead, born in 1944, he committed a cold-hearted murder in the 'sixties and was sent to jail where he promptly entered into a circle of attack/retribution/revenge which continued for years. Here the film's very speed and slickness caused occasional trips and gaps: it did not show how Boyle escaped from his straitjacket; did not explain why he cut his hair off; jumped straight from the powerfully impressionist depiction of Boyle's mother's funeral (with police radios counterpointing the priest's words) to a beating which seemed to have neither connection nor motive. Yet the power of the film never slackened.

Nor was it sheer violent activity; there were other finely observed themes: the thankless rôle of women in this nasty subculture, and the position of children on the fringes of the activity, frightened yet learning only too fast about the way of their particular world.

But whatever its technical virtuosity and other strengths, and however impressive Hayman's performance, at the end of 1¾ hours *A Sense Of Freedom* had prompted more questions than answers—many of them about the film itself rather than Boyle. For a start, why did it begin and finish where it did, ignoring both Boyle's criminal apprenticeship and the very experience which has made him into a public figure, his "redemption" in the Special Unit at Barlinnie Prison where he has become a highly successful sculptor, written the autobiography which led to this film, and last year, in a blaze of publicity, married a psychologist?

Though the idea of valuing the Prodigal Son above the other because he was lost and then found always seemed to me ludicrous and deeply unfair, it is an idea which might give some meaning to the Boyle story for some viewers. Without even that we are left with a film which—however successfully it shows the pain and the sadness springing from violence—also depicts the life of a particularly nasty criminal as certainly exciting and arguably glamorous. Though based on fact it is drama, and it comes shortly after the documentary series *Strangeways* which did such a superb job of showing how British prisons work; little excitement, no glamour.

Tonight at 10.30 ITV will screen a discussion about *A Sense Of Freedom* and it is to be hoped that chairman Desmond Wilcox will open by saying to Jeremy Isaacs: "You could have made a film about the trials, tribulations and triumphs in the life of an altogether admirable man—Sir Peter Medawar, say, who won the Nobel Prize for medicine, suffered dreadful paralysing illness, yet overcame it and continued with work on immunology which is invaluable to mankind, and has just been appointed to the Order Of Merit by the Queen—but you chose murderer Jimmy Boyle. Why?"

*

Isaacs' other major current work, *Ireland: A Television History*, which reached its 12th and penultimate part last night (repeated on Sunday) becomes more impressive as it nears its end and the sheer scope becomes apparent. (It raises the terrifying thought that someone may now consider it possible to make *Britain: A Television History*). Conversely ITV's Ireland series *The Troubles* grew less impressive as it progressed, damaging its reputation in the fourth of its five parts by abandoning the even-handed "Greek chorus" of onlookers and expert commentators though they returned briefly for the last episode. Worse, it overdid the demon king portrayal of Ian Paisley whose own efforts preclude the need for a bad Press, and its script whitewashed IRA terrorists, dignifying them with euphemisms such as "Provisional snipers."

*

The Journal Of Bridget Hitler proved again what a waste of time, effort and money much of television's electronic trickery can be. But as we wave a fond

David Hayman as Jemmy Boyle in A Sense of Freedom

farewell to *Hitch Hiker's Guide To The Galaxy* it should be said that this was a series which used electronics in two admirable ways: sometimes showily in a deliberate effort to achieve a feel of complicated multi-layering, as with the print-outs from the Guide itself, and sometimes as an economy measure. Cheap and cheerful sci-fi techniques can look dreadful ("What an awful studio set" muttered my nine-year-old watching Dr. Who on Saturday) but *Hitch Hiker's* mostly worked wonderfully.

*

Whereas the 500-year-old print culture in which broadcasters were all educated has always been acknowledged and exploited by television, the medium's own progenitors in the moving picture business have been mostly ignored. Now that is changing. Last year we had *Hollywood* and there are currently two more series mining and archives: Gus Macdonald's *Camera* on ITV on Thursdays has moved from stills on to early documentaries, and BBC2's *Traveller In Time* is showing a set of enthralling early film accounts of exploration, starting with Frank Hurley's astounding 1914 coverage of Shackleton's Antarctic expedition, and going on tonight to the 1931 Trans-China Expedition.

Elizabeth Sussex's BBC2 programme about Britain's National Film Archive, *20th Century Treasure Trove*, was at its best detailing the work of the archivists and at its worst constructing clever-clever picture crosswords. But if it informs only 100,000 more people (only!) about the critical fragility of our oldest films it will have done a worthwhile job.

*

Two of the most absorbing documentaries on television this year have been in the Thames Television series called *Take Six* which, being produced by Udi Eichler, consists of seven programmes. This is the second time that Eichler has managed to claw in a little time to give first-time directors a chance. The first batch mostly came from film school graduates but none of those directing the current series went to film school. In both cases Eichler's solitary campaign proves we have a reservoir of extraordinary talent (by world standards it is extraordinary) which television generally leaves to stagnate.

Of the four shown so far Laurens Postma's *Gold Chips* was a light entertainment electronic extravaganza in Neil Innes style in which the craziness and cleverness were rather too studied for my taste, and Jeremy McCracken's *King's Head* was a documentary about the Islington pub-theatre which knocked spots off most of this season's *Omnibus* but was entirely within that conventional arts documentary tradition.

However, Nick Gilbey and Derek Jones' *Riroli Steps* about 12- and 14-year-old ballroom dancing champions had a high degree of technical skill and a winningly sardonic attitude built into its camerawork and editing. A surprisingly original film on such a worn subject, it would have been better still without the brief comments from the competitors at the end.

And *Act Of God—Lightning* was unique, not for its William Burroughs style cut-up construction, nor for its occasionally coy camera positions (wrong side of a water sprinkler for instance) but simply for its subject. Peter Greenaway interviewed dozens of people who had been struck by lightning, some often, asked many the same questions—place of incident, time of day and so on—and spliced the results together to make a weird and transfixing whole.

Dates for the next three *Take Six* have not been announced but are worth watching out for.

Covent Garden

Lulu

by MAX LOPPERT

The splendours and rather more numerous miseries of the current Royal Opera season have been much in the air. For the moment, though, the house can hold its collective head high can insist once again (for the first time since . . . ?) on being taken seriously as an artistic institution. For it has brought to London, in a strong (if sometimes questionable), theatrically vivid, musically cogent staging, Berg's shattering masterpiece, two years after the three-act opera was at last given in its full three-act form. The long and tortuous tale of the suppression by Helene Berg of Act 3 (completed in piano score, not in full) after her husband's death was recounted in these columns by Ronald Crichton at the time of the Paris "premiere." In more than one sense, it is all ancient history now. Though details of Friedrich Cerha's completion of Act 3 will doubtless continue to exercise performers and scholars for some time to come, it already seems as though this is the way Lulu has always been: the days of the two-act "torso" with later actions mimed to movements of the Lulu Symphony are but a dim and distant memory.

"What should emerge from a first encounter with *Lulu*, given a good performance," remarks Arthur Jacobs in his introduction to the opera (in the latest number of *About the House*), "is the audacity of the dramatic conception, the variety and richness of the score, and the fascination of the heroine." As these things emerged, substantially if not in exact proportion, in Monday's *Lulu*, it must be deemed a good performance. That *Lulu* is funny as well as sordid and disturbing, compassionate quite as much as ironically pessimistic; that it discloses an (at a single hearing) almost ungraspable amount of complexity of formal detail while simultaneously communicating an overwhelming power and freedom of emotional expression; that its massively and minutely calculated structures embrace the worlds of Wedekind, Feydeau, and Brecht, of *Erwartung* and *The Merry Widow*, even of *Don Giovanni* and the Book of Genesis—all of this was at least suggested. What could not be made clear to an English audience is the spellbinding fusion of word, note, and action; for the Royal Opera, who always give *Wozzeck* in English, have unwisely chosen to play *Lulu* in German. (Mr. Jacobs' translation, published by Universal Edition, is available and will repay pre-performance study.)

Of Götz Friedrich's London opera productions to date, this is the most successful. Friedrich brings to the opera an idiomatic response manifestly denied to, say, *Idomeneo*; at its best, this is a trenchant, quick-witted music drama absorbingly well acted, alert to the shifts and currents of the text, and prepared to consider, if not to fulfil to the letter, the sense of Berg's fantastically intricate stage directions. The first sight of Timothy O'Brien's permanent set is rather lowering: a caged walkway accessible from many entrance points, wrapped in black gloom. To the extent that the late-20s-style props fail to enclose the space, to create where needed the proper intimacy, dramatic focus is threatened with dissipation. The central act, with its farcical scurryings of *louche* admirers, responds brilliantly to this "open" vision, each movement plotted and meshed with comical precision. Pivoted upon a film (admirably pointful) that is itself an expert homage to Pabst, the action pursues with headlong urgency its parabola-shaped course. The production shows itself true to Berg, and the rewards are great.

Where the producer, in the didactic, points-making vein with which we have become familiar, chooses to depart from or even rewrite the libretto, the opera becomes correspondingly less vivid. Emblems are super-added to the recurring one of Lulu's portrait. Most notably, the Animal Trainer is invited to hover over the action each time Something Significant happens. Not only does this prevent Jonathan Summers from taking up the specified dual role of Trainer/Acrobat, but it diverts the attention, to small purpose, intefering most unhappily with the starkness of Lulu's death. The final scene seems to be altogether ill finished. The location, a kind of Beckettian waste-ground, is uncertainly defined (roof? court-yard? certainly not London attic), and by the otherwise excellent Robert Bryan, ineptly lit. Lulu and Jack join in the ripping of her portrait—this was the "destruction of graven images" mentioned in a recent Friedrich interview, that presciently aroused foreboding. Lulu dies onstage. The total effect, following so much precision of means earlier (the night-club scene is another distinct success), is of a bungle: it urgently needs rethinking.

After a rather too hoydenish start, all moues and peekaboos, Karan Armstrong's account of the awesome title role develops with impressive fluency, commitment, and theatrical knack. It must be admitted that hers is no Lulu voice. The highest notes, so important in terms of characterisation, are more or less fakes, and not very successful ones; generally, high phrases tend to force the tone into squalls. Yet there are alluring phrases lower down; and, despite a very handsome physique a touch too strapping to encompass the more mysterious side of this enigmatic heroine, there is an honesty, a directness in the presentation, that compel admiration. (Though Miss Armstrong sent word that she had strained a muscle in rehearsal, her lissome movements hardly betrayed it.) An even more complete performance is Günter Reich's of Dr. Schön, complete in marrying demeanour, tone, and word (in a cast notably clear with the words he is outstanding), in relating dislikeable and sympathetic facets of the character.

He, the lyrical, personable Alwa of Ryszard Karczykowski (whose face suddenly reminded one of Berg's), and the Countess Geschwitz of Glenys Linos (a mezzo-soprano voice of most beautiful quality not yet fully at home at Covent Garden) gained their experience in Friedrich's Zurich *Lulu*, and it tells. Robin Leggate's Painter is very touching; the Jolson-style make-up of his Negro was presumably the producer's invention. Among the house debutants, Erik Saedén's Schigolch and the truly grob Acrobat of Georg Paucker are especially successful; Claire Powell's Schoolboy is small of scale. Richard Van Allan (Theatre Director/Banker), Elizabeth Bainbridge (Dresser/Mother), John Herrington (Dr. Goll/First Client) deserve more than a mention. It was a particular pleasure to watch that fine artist Emile Belcourt seizing with both hands the opportunities of prince, manservant, and pimp. The spoken dialogue passages go with real bite.

Colin Davis' 1970 revival of *Wozzeck* is unforgotten. As conductor of the even more demanding second Berg opera, he is still feeling his way. On Monday, tension seemed to slacken at some points, only to gather powerfully at others (the Act 3 orchestral variations were an example of the first, the dialogue between Schon and the Painter the second); orchestral projection, particularly of the strings, was on occasion wanting in fibre. The best moments of Davis' *Lulu* promise remarkable individuality—lyrical, heartfelt, closely relating pit and stage, neither clotted nor mean of sonority—and the realisation of that promise is already within view. Qualifications aside and flaws notwithstanding, it was an unforgettable evening, not to be missed by any and every kind of opera-goer. *Verehrtes Publikum—Hereinspatziert!*

Karan Armstrong and Erik Saeden — Leonard Burt

Talk of the Town

Bruce Forsyth

The Talk of the Town is in the throes of a critical re-appraisal. We cannot perhaps expect this flickering torch-bearer for late-night entertainment in London to leap into the 1980s but it might manage a limp into the 1970s. In a way this would be a pity because the place is acquiring a 1950s charm. The first signs of the transformation are getting Bruce Forsyth to do a four-week stint and upping the price to see him to £20 a head, which includes dinner but not wine.

Mr. Forsyth has had his setbacks in recent years and the empty balcony on opening night underlined his task. It is also taxing his talent to expect him to shine at a venue much given over to foreign tourists; his humour is quintessentially British although his skills at the piano, in the dance and with impressions probably kept the odd sheikh awake. But by the end, although his usual badgering of the audience to give him a standing ovation remains irritating, he had, as usual, won grudging respect. His parts may be greater than the whole but Bruce Forsyth commands at least one cheer for sheer tenacity.

The strain he is under as he drives his ego on showed in a Freudian slip: "Let's chase the boos away," he sang, before correcting himself, and he can no longer convert the barrackers in the crowd into wit-inspiring stooges. His act could also do with a freshen—it is basically a shortened version of his last Palladium show. And yet, and yet, there is something intensely human about Bruce Forsyth: he is not bland and the time passes agreeably enough. The chance of international fame is probably past but he could well end up a national institution like an older comic who has survived a chequered career to bloom again, just a hundred yards down the road from the Talk of the Town—Max Wall.

ANTONY THORNCROFT

Garrick

Aspects of Max Wall

Ken Dodd may be the funniest man on the British stage, but Max Wall is still the comedian to inspire most wonder. That is as philosophical as I propose to be about the return of the incomparable Max, scheduled to shine for just four weeks like a beacon in the naughty world of the West End.

Tossing off another terrible line, Wall stands off, overcome by the stench rising from his own material with the comment, "That's an old music hall joke." Pause. "So am I, come to think of it." He is still hoping to see his name up in lights by changing it to "Exit." And he fully intends to go on singing that saccherine song until somebody likes it. He is still lumbered with the girl friend blessed with pedestrian eyes—"they look both ways before crossing."

The accoutrements (if you pardon the expression) are the same. Battered pork pie hat, slap shoes that look as if they have been left out in the rain for a week. Professor Wallofski has now given up on the gorilla routine, but remains nonetheless a helpless servant of the drum break and an arch exponent of the "walking up and down bit."

He discusses the act as he goes, turning in despair to William Blezard on piano and Tony Parkinson on drums. I have loved this act since I first saw it at Greenwich in 1974, but it still comes across as a poignant exercise in instant autobiography. Charles Laughton as Captain Bligh is one of the best impressions I have ever seen. And I defy you not to yelp with laughter at the announcement of Rachmaninov's "Prelewd" that he left for us all them years ago to 'ave a go at. This is the genuine article, the last link with music hall tradition: the national theatre in the days when it was ours and not yet theirs.

MICHAEL COVENEY

Festival Hall

Mahler 3

by RICHARD JOSEPH

One is used to thinking of Bernard Haitink's readings of the Mahler symphonies in terms of sanity, stability and proportion. Monday night's performance of the Third with the Philharmonia upset these preconceptions in no uncertain terms.

Haitink leapt headlong into the sprawling first movement with passion and enthusiasm; though the structure as a whole was knit together by his customary evenness of tempo, crucial transitions and climaxes were heightened by an altogether dangerous use of rubato. This orchestra is not overly familiar with Mahler's Third, and Haitink's very personal inflections provoked a somewhat perilous but definitely intense response.

Though the middle movements were clearly outlined, one again sensed a tension between the conductor's goals and the players' technical capacity. Despite their popularity, Mahler's longer symphonies are difficult works to assimilate within the normal run of a busy orchestra's concert schedule. The Philharmonia has not played them as regularly as some other London orchestras have, so, though everyone was willing, seams began to show. The ends of phrases dovetailed rather messily into the start of new ones; the internal balance crudely favoured the brass and percussion.

These factors resulted in a restless and probing, rather short-winded account of the last movement. Mahler's long, transcendent Adagio must first settle, then float. Haitink was determined to maintain tension and continuity between phrases, but the orchestra's exertions during the previous four movements worked against it. A great deal of heat was generated, but not much light.

Special performance by Sadler's Wells Royal Ballet

On Wednesday, April 1, Sadler's Wells Royal Ballet will give a special performance in the presence of Princess Margaret, commemorating the 50th anniversaries of The Royal Ballet and of the re-opening of Sadler's Wells Theatre.

St. John's, Smith Square

Puyana

by RONALD CRICHTON

This week Rafael Puyana is offering the six Partitas of Bach in two evenings. On Monday he played the Third (A minor), First (B flat) and Fourth (D major), in that order. To judge from the first recital, this most distinguished player is in top form, so it was the more regrettable that St. John's was not full. The second recital falls tonight (Wednesday). It should be well worth making the pilgrimage to Smith Square.

Monday's programme opened comparatively coldly. The A minor Partita is not the most immediately winning of the series. The early movements remain distant, the Sarabande is stiff and formal, the Burlesca and Scherzo (though Puyana made the latter pungent) hardly live up to their names. Warmth came with the Gigue, whose sonorous three-part writing brought the instrument, a modern English copy of a Hamburg original of Bach's time, to resonant life.

From that point the spell was cast, in the friendlier Allemande and leaping Courante of the B Flat Partita, in the less buttoned-up Sarabande (where the player gave the rhythm more freedom than in the corresponding number of the previous Partita), in the familiar Minuet, whose Trio brought, I think, the only use of lute stop in the recital—the registration throughout was a model of sensitive discretion, most of all in the Gigue with the chromatic descent that seems irreversible until Bach slyly slips out of it.

Finest of all was the D Major Partita after the interval, with Puyana brilliantly incising the ornate Overture, the Courante that seems to be buoyed up by some subterranean effervescence, and a Minuet almost as quirky as Rameau. And to end with another Gigue, confirming the impression made by its two predecessors, that Bach's versatility in this dance form is as stunning as Mozart's and Haydn's in Minuets. In these fast movements, especially, Puyana's command of rhythm that never goes mechanical and of the music's logic, never faltered.

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
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Wednesday February 18 1981

Public sector investment

THE CASE for giving nationalised industries more freedom to raise money to invest in commercially viable projects is winning acceptance among *Ministers, among private businessmen and investors and even* among Treasury civil servants. It is becoming increasingly apparent that arbitrary constraints, unconnected with *profits, on the investment* powers of potential growth industries cannot be part of an economic policy which is supposedly designed to promote industrial modernisation and investment. Those Ministers who remain unconvinced by the idea that profitable investment by British Telecom or British Gas can be as desirable as investment by GEC or ICI are rapidly being persuaded of this by their friends in private businesses, who depend on the nationalised industries both for services and for orders.

Irrational

In the negotiations which are now taking place on a new type of borrowing instrument for British Telecom and on the future structure of British National Oil Corporation, it *seems to be agreed by all parties* that new arrangements should be devised which would reduce the pressure on the Government to impose economically irrational decisions. The delay in developing the Clyde oilfield or the cut in telecommunications investment over the past two years may have reduced the Public Sector Borrowing Requirement. But such PSBR economies can do more harm than good for the private sector and for Britain's industrial performance.

The problem in the minds of Ministers as they formulate new policies to enable nationalised industries to accelerate their investment programmes is how this could be done without appearing to jeopardise the Government's whole financial strategy, based as it is on a steady reduction in public borrowing. But this is only one of three inter-related issues which the Government and nationalised industries should now be addressing.

These issues are: who should ultimately own and control the industries which by historical accident happen to find themselves in the public sector in Britain; how monopolies, whether private or public, with enormous market power should be regulated; and, finally, how the financing of the public sector can be organised most efficiently.

The main preoccupation of the Treasury, perhaps understandably, is with the third question. The criteria which it is apparently using to judge the various proposals being put forward by the nationalised industries are designed chiefly to ensure that any additional *funds the corporations raise* will not simply be gilt-edged securities under different names. It is rightly insisting that the new instruments should carry an element of risk for *the investor and that returns* should be linked in some way to the performance of the corporation coming to the market. The second requirement derives partly from the hope that it would add to the market disciplines on the state corporations.

However neither of these points get to the root of the matter. Irrespective of what fund-raising instruments are used, it must be recognised that nationalised industry borrowings to finance profitable investment are, in principle, a different economic category from other public sector *borrowings. Until this happens* there will be nothing to stop future governments from curbing desirable investment programmes in order to reduce the size of largely meaningless public borrowing aggregates.

Regulation

The reason why the government must continue to have some ultimate control over the level of nationalised industry borrowing and investment is not because it guarantees the liabilities, but because there is nobody else to whom the industries are responsible. This is one of the strongest arguments for "privatisation," even of the natural monopolies in the public sector.

Whatever the method of government control it must be businesslike, rather than political. This is why nationalised industries need clear financial and performance targets within which their managements can operate as independenly as possible — just like investor-owned utilities in other countries. As long as they can fulfil their targets, there is no reason why here should be curbs on their fund-raising and investment.

The danger that monopolies may abuse their market power and fulfil any targets set them simply by raising prices cannot be met either by control over investment or by "privatisation," but only by an effective form of monopoly regulation. It is with effective monopoly regulation and a system of coherent financial targets, the government and Treasury could leave the successful nationalised industries largely alone and worry about controlling the genuinely unproductive parts of the public sector.

Arms sales to the Gulf

THE continuing, somewhat agonised debate within the West German coalition Government over the sale of arms requested by Saudi Arabia raises difficult, though not intractable, issues, which face NATO as a whole and should be a matter of joint concern. The industrialised countries of the West have to recognise how the legitimate defence requirements and security of the states on whom they are critically dependent for oil can best be satisfied.

Bonn's policy

Traditionally, Bonn has maintained a policy of not supplying weapons to "areas of tension." Over the past two decades, the countries of the Middle East have, by definition, ranked as high as any in the world, according to this rule. Bonn has also been more sensitive than other Western suppliers of arms to Israeli charges that weapons supplied to Arab states might be turned against the Jewish State itself.

Its immediate and prime reason for reconsidering a well-established policy has been a basically materialistic one. West Germany has just undergone the novel and unwelcome experience of a growing payments imbalance, not the least in its trade with Saudi Arabia. As a result, its has borrowed from the Kingdom and now is clearly tempted to cover a part of its oil bill, as France has done with two major arms deals in the past year, by concluding lucrative weapons contracts itself.

It would be a mistake, however, to be too cynical about a reversal of policy by Bonn. As far as the conservative oil producers of the Gulf and Saudi Arabia are concerned, there is some truth in the statement towards the end of last month by Herr Hans-Dietrich Genscher, West German Foreign Minister, that "stability may be increased in an area of tension by providing a country with the means to defend itself." In spite of their call for *Jihad*, or "Holy War," to bring about an Israeli withdrawal from occupied territories and the Old City of Jerusalem, the military strength of these states is not directed against the Jewish State but exists to defend their oil installations, not the least—however improbable it may seem—against an attack from Iran.

Arab producers

The question is how the Arab producers of the Gulf who have emphatically declared themselves in favour of non-alignment and the exclusion of the super-powers from the region, can best be helped to defend themselves. The problem has been complicated in the case of Saudi Arabia, by *its tendency to distance itself* from the U.S. because of American failure to bring about a comprehensive Middle East settlement.

France has agreed to supply *Iraq with aircraft and is also* clearing the way for the delivery of missile boats to Iran. Provision of weapons to two states engaged in a war, the continuation of which can only *benefit Soviet military expan*sionism, is a question which should be fully debated within the alliance. Meanwhile, the best way to equip the weak and apprehensive oil producers of *the southern littoral of the* Gulf, raise a number of major issues which should not be avoided because of short-term commercial competition.

One danger is the political resentment as developed in Iran under the Shah which could be caused by an excessive expenditure on complicated weapons systems requiring the indefinite technological involvement of the suppliers. Another is senseless duplication that can only complicate training and control of spares. Tentative moves towards some form of Nato co-ordination have been made but in practice nothing has been done to rationalise the scramble for orders. There can be no denying the argument for greater consultation in the future.

U.S. ECONOMIC POLICY

The rivals for Reagan's ear

By David Buchan in Washington

RONALD REAGAN makes the sales pitch of his life tonight on Capitol Hill. He will present a far-reaching programme which he claims will pull the U.S. out of stagflation, help take the Federal Government off the backs of Americans, and put the world's biggest economy on a long-term path to non-inflationary growth.

His Cabinet officers will then all go in to bat for the new programme. But inside his Administration, doubts and *divisions have emerged between* the new Right and traditional Republicans that could make the "wet-dry" split in Britain's Thatcher Government look cosy by comparison.

Mr. Reagan, who has said he will stand or fall on his domestic economic record, may not get another chance. Indeed by setting out at least the tax part of his programme for the next three years, he is almost ruling out another chance, unless, then aged 73, he wishes to run for re-election.

Thus it must be with some foreboding that he views the differences—more marked in *this Administration because its* economic plans are more ambitious—between various camps of "supply siders," monetarists and pragmatists in his new team. "At times I feel like a *referee*," Mr. Donald Regan sighed out loud the other day, referring to the competing schools of thought and policy even inside his own Treasury Department. The President could be forgiven for privately sharing his Treasury Secretary's *cri de coeur*.

Mr. Reagan's emphasis is firmly on the *total* package: income tax rate cuts as well as faster depreciation allowances for business investment; public spending cuts of probably around $40bn in 1981-82 out of a projected $739bn; stable money growth policies by the Federal Reserve Board; and a sweeping reduction in Government regulation of U.S. industry.

The four elements stand together—and not only because Mr. Reagan committed himself to them during the 1980 campaign. (Fed policy is outside his direct prerogative, but the need for sound and stable monetary policy has been a favourite theme and presidents are not exactly powerless to influence the central banks.) Each element has its champions in the Administration. Taken together, the four elements form a package which conceals important differences of emphasis within the Administration and among Republicans on Capitol Hill and beyond.

In the loosest sense, all in the Administration—traditional and radical Republicans alike—are supply siders. They believe that, if untrammeled by government red tape, America can produce its way out of economic trouble. Their blood was *quickened by the President's* inaugural statement that "it is time to reawaken this industrial giant, to get government back within its means, and to lighten our punitive tax burden. These will be our first priorities, and on these principles there will be no compromise."

Arthur Laffer (left), Beryl Sprinkel (right) and Donald Regan: "At times I feel like a referee"

LAFFER: GURU OF SUPPLY SIDE ECONOMISTS

MR. ARTHUR LAFFER, the economist now with the University of Southern California, is credited with coining the phrase "supply side economics" in the mid-1970s.

Mr. Laffer made a full-blown theory of the argument that high tax rates stifle so much economic activity that total tax revenues fall, and the corollary that lower tax rates can therefore generate as much or more revenue than a higher rate. He developed a "curve" to depict how this works, and it is said the first time he drew it was on a Washington restaurant napkin in 1974 in the company of Ford Administration officials, who were not persuaded.

Supply side economics rest on the belief that poor economic performance is not the result of an inadequate level of demand for goods, but is instead because of inefficiencies and rigidities on the production, or supply side. These result in sluggishness and a *failure to adapt*.

The answer therefore is not to give consumers more money to increase their spending power but to remove some of the barriers to increased efficiency, such as price restrictions and other regulations, and to provide improved incentives to investors and producers. Tax cuts are only one part of supply side economics.

However, the current "supply side" vogue owes much to others who have acted as Boswells to Laffer's Johnson. Principally, they are Representative Jack Kemp, the ex-football quarterback who teamed up with Senator Bill Roth to give Lafferism legislative form in the Kemp-Roth Bill, and the editorial staff of the Wall Street Journal, the only paper with a national distribution in the U.S.

The 1978 Proposition 13 in California cutting property taxes was not exactly a supply side measure, but its success was taken as a boost for the theory. A year later, both Republicans and Democrats on Congress' Joint Economic Committee came out in favour of more attention to the "supply side" of the economy.

That spirit pervades Washington these days—from decontrol of oil prices, plans to cut back the Federal Trade Commission and the Consumer Product Safety Commission, to the Council of Economic Advisers, whose chairman, Mr. Murray Weidenbaum is best known for his contention that government regulation costs U.S. business $100bn a year.

Supply siders: The heart of supply side economics focuses on tax — the belief that America's problem is discouragingly high marginal tax rates, that lowering these will unleash pent-up economic energies, and such will be the resulting increase in supply that the tax cuts will pay for themselves.

The guru of this creed is Mr. *Arthur Laffer, the radical* conservative economist who has come up with a theoretical curve to prove his thesis. Two apostles now in the Treasury are Mr. Norman Ture, Under-Secretary for Tax Policy and Mr. Paul Craig Roberts, Assistant Secretary for Economic Policy. There are further acolytes on Capitol Hill, most notably Representative Jack Kemp and Senator Bill Roth (two of the latter's aides have just shifted to the Treasury). They are the authors of the Kemp-Roth Bill calling for a three-year income tax cut. This had languished on Capitol Hill until Mr. Reagan last year made it a central point of his successful presidential campaign.

While it is true that there is no ineluctable law that an individual given a tax break will work harder or save more, and not just put his feet up more, there probably is an incentive effect. The heated argument is about how much. Mr. Walter Heller, the Democratic economist, has accused supply siders of "ignoring common sense and arithmetic showing that the jump in demand would be much bigger and faster than any conceivable jump in supply." He cites a rule of thumb that tax cuts have a multiplier effect of two on demand—a $30bn tax cut would lead to $60bn extra demand for goods and services.

Flat reduction in rates would benefit the richer more than the poorer, particularly as the measure would be repeated annually for three successive years. This would be intentional since the supply siders reason the better-off are more likely to put their extra after tax income into savings or investment, rather than consumption.

But that by no means automatically warrants the assertion by Mr. Regan of the Treasury that half to two-thirds of the tax relief will end up in savings.

If, but only if, tax cuts spur supply more than demand, can Mr. Laffer's thesis come true. However, many think the premise is wrong and that supply siders are perverse Keynesians who will simply pump billions of dollars of extra demand into the economy.

No one inside or out of the Administration disputes the value of the faster business depreciation that President Reagan will propose tonight. Traditional Republicans do not question that this is a genuine supply side measure, and would indeed like to see the Reagan tax package weighted more to business interest. Indeed some seem puzzled it is not.

It is a curious shift in the political landscape that the Republicans—since the Coolidge and Hoover days regarded as the party of business—under Mr. Reagan and the new Right populists around him have come up with a tax package that gives business very definitely second place. Democrats, meanwhile, moved cautiously in the opposite direction, with Mr. Carter's last proposal giving more than half the tax relief to companies.

Monetarists: When Mr. Donald Regan talked of his referee role, he had in mind Mr. Ture in the supply side corner and Mr. Beryl Sprinkel, Treasury Under-Secretary for Monetary Affairs, in the monetarist corner. Mr. Sprinkel believes that a tight and stable hold on money *growth is the key to curbing* inflation, and this has made him openly critical of Mr. Paul Volcker, the Fed chairman, for allowing erratic swings in the rates of money growth and interest over the past 18 months.

But the group which Mr. Sprinkel represents is distinguished by a common concern about the income tax cut effects, and it includes Mr. Volcker and others such as Mr. Alan Greenspan, who was a close Reagan adviser during the transition but has stayed formally outside the new government. These people are by no means opposed to tax cuts in principle —in fact they openly support them—but worry lest without comparable spending reductions, the tax cuts boost the budget deficit, strain financial markets further, and fuel inflation. They also view the rosier claims of the supply siders about painless ways of curing inflation as pie in the economic sky.

The first clash between the two schools came in the preparation of the Administration's first official economic forecast to be released this week. The supply siders lost. Whatever last minute revisions are put into the forecast, it will not reflect the first optimistic draft prepared by the Budget Office of Mr. David Stockman (an ardent, long time supply sider). His office was aided by an outside firm, the supply side oriented Claremont Institute of California.

Its initial report projected a 7 per cent growth rate next year with inflation down to 8.5 per cent and tapering to 3 per cent by 1984. Nice though it would be to claim to the Congress and public miraculous cures from the Reagan prescription, others in the Administration—Messrs. Regan and Weidenbaum apparently — considered this too incredible a contrast to today's 12 per cent inflation and little or no growth, and toned it down.

Pragmatists: Somewhere in the middle between the supply siders and monetarists is Mr. Regan, unofficially the Administration's chief economic spokesman. So, too, is Senator Robert Dole, new chairman of the *Finance Committee*, who will play a pivotal role in the coming congressional wrangle on the Reagan package.

What the pragmatists—and to a degree they may represent part of the President's persona—seem to have in common is a distrust of the wilder claims of the supply siders, but unlike the monetarists, they have no clear counter theory to put in *their* place. They are not economic theoreticians, so there is no reason to expect they should.

Like the President, Mr. Regan is an adroit synthesiser *of conflicting views*. Take for instance his definition of inflation last week "Too much money chasing too few goods. Too much money is the fault of poor monetary policy. Too few goods is the result of under-employment and inadequate growth of capital." A nod to both Mr. Sprinkel and Mr. Ture in that one. But Mr. Regan's sympathies seem to lie with the monetarists, for he went on to say even a large growth in productivity would "only knock 1 or 2 per cent off the inflation rate," and monetary control would have to do the rest.

The lesson of the Carter era —five economic programmes in four years — is that Mr. Reagan cannot afford to waver. He may also have to come to a fundamental choice. His supply siders will cry foul if *they* come to believe that Fed monetary restrictions are holding back tax-cut-induced growth. Mr. Volcker, however, has said Fed money growth targets — which he does not propose to change much — will not meet rapid credit growth while inflation continues at double digit levels. And the Administration monetarists do not disagree with that. Mr. Reagan's role as referee would then be out in the open.

MEN AND MATTERS

Kearton and Maxwell House

Lord Kearton could not think of a more welcome gift for his 70th birthday yesterday than the chance given by his appointment as non-executive chairman of the British Printing Corporation to help pick up and knock into shape another ailing industrial giant.

"I'm always interested in solving difficulties—and believe me this is going to be difficult," he tells me.

Kearton spent most of the day at Hill Samuel discussing the survival plan for the company. "BPC is in terrible trouble . . . a very desperate state," he says.

But with Robert Maxwell as chief executive, he believes it can be saved. "He has the cash—and the will and purpose to do something about it," he says.

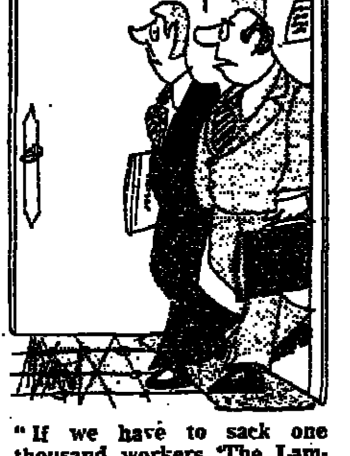
Kearton, who answered an appeal for help from Monty Alfred, a BPC director and former Courtaulds colleague, urged BPC to turn to Maxwell. "I remembered him from my days at the IRC," he says. "He came bounding in with all sorts of ideas . . . he has this enormous dynamism." Just what will be needed for "the most difficult single job I've ever seen anybody take on," he adds.

Kearton does not expect his own involvement to be for long. But he is obviously anticipating it with renewed vigour as he prepares to quit the Atomic Energy Authority after 26 years as a member, and the Board of Hill Samuel in July.

"My appetite isn't quite what it was," confesses the former Courtaulds, IRC, and BNOC overlord. "Instead of catching the 7.20 train into London, it's usually the 8.20 now. And I'm only away from home four days a week."

He keeps a keen eye on the industrial scene in general. And he is not too happy about what he sees at present. "Government policy has got to change, and quickly," he asserts. "We'll soon be at the point of no return.

"I think the miners' strike is a flash point . . . a sign of the growing feeling in the country. There is not going to be placid acceptance of 3m unemployed and I hope that recent speeches by people like Lord Thorneycroft and Francis Pym show that change is on the way."



"If we have to sack one thousand workers 'The Lambeth Walk' is going to take on an entirely new meaning."

Stop press

Eh bien, Milton Friedman, your hour has come. The hardline *monetarist theory that the way* to stop inflation is to stop printing money can now be tested in France, where a trade union dispute at the central bank presses at Chamalieres has virtually *halted the production of bank*notes.

The printing workers are demanding a £43 a month rise to give them parity with other employees. To support their *claim, they are preventing paper* from reaching the plant and notes from leaving it. The result is a serious shortage of new paper money which has emptied the automatic cash dispensers popular in Paris and other major cities.

Another unfortunate consequence has been the reissue of a large number of used notes which have not been properly checked because of a shortage of sorters, thus increasing the number of forged notes in circulation. At present, some 300m unchecked used notes have been reissued, compared with new annual production of 672m in 1980.

Smooth operators

It promises to be an active autumn for Cable and Wireless, the communications group which, although state-owned since 1946, operates much as though it were still in the private sector. The Telecommunications Bill, now in its Committee stage and likely to be passed before the summer recess, provides enabling legislation for the Government to sell *all or part of the company*. The Bill also conceives the opening up to competition of parts of the British Telecom service monopoly, creating opportunities which C and W, in joint *venture with Barclays Merchant* Bank, is now studying the possibility of seizing.

The two parties are a fair way from formulating any precise proposals, and are keeping *such ideas* as they already have very much to themselves. But it would appear that they are thinking big, and looking not only at services already offered by British Telecom, but also at new ones. The American market, where private telecommunications systems are firmly established, provides the prime inspiration.

The first foot into the water was *that* of Barclays, which circularised large companies with a confidential preliminary memorandum in September. The initial conception was along co-operative lines, with users doubling as *owners*. The indications now are that the scheme has grown bolder, envisaging the provision of a service to outside customers, probably targeted at first on the City.

While there has not yet been an attempt to cost what remains a nebulous plan, Barclays would, as a merchant bank, appear to be in a good position to explain it to potential investors.

C and W, although relatively little-known in this country, is a major telecommunications supplier and manager abroad and has the technical expertise; Barclays has the financial nous and connections. Is there room for others in the partnership? Anybody likely to take a prominent role would probably have to be British for political reasons. Leaving open, however, the possibility of a secondary relationship with perhaps an American firm with the right experience.

All this remains contingent upon the passisng of the Telecommunications Bill and the knottier question of whether Sir Keith Joseph is then willing to issue the necessary licence. If all does go smoothly, then it would be reasonable to expect *start-up with a single* service that can be quickly installed on a fairly large scale. If established, that could be followed by expansion into more exotic areas.

Write turn

After devoting almost 10 years to the diaries of Richard Cross*man*—the volume covering the backbench years 1961-63 is published on March 2—former think-tanker Janet Morgan embarks upon a book of rather different cast. By the end of next year she expects to complete the authorised biography of Agatha Christie, to be published by Collins. The writer's voluminous papers may even solve that most elusive of her mysteries—that of her own temporary disappearance.

Belly-laugh

"Of course I worry about getting fat—I'm thick and tired of it!"

Observer

Anatole Kaletsky looks at the ambitious target of the World Water Decade, launched three months ago

UN turns on the tap for world health

WATER TAP availability is a better indicator of the standard of health in developing countries than hospital beds, according to Dr. Helfden Mahler, director-general of the World Health Organisation. And that belief is the justification for the UN World Water Decade, one of the most ambitious programmes of public works ever contemplated.

The target is to provide uncontaminated water and some form of sanitation for an additional 2bn people between 1981 and 1990—at an estimated cost of $300bn in 1978 prices.

The enormous magnitude and cost of such a task and the record of other UN attempts to spread justice, health and happiness across the globe by passing worthy resolutions and naming years, days and decades after children, diseases or even trees, may not inspire much faith in the Water Decade's probable impact.

However, justified scepticism should not obscure the shift in development priorities that has, in fact, taken place in the past few years. Water supply is now looming much larger in many countries' development plans than it did before the decision to organise the Water Decade was taken in 1977. While the objective of "clean water and adequate sanitation for all by 1990" will not be achieved, water projects will almost certainly absorb a substantially higher proportion of the world's development effort and spending in the coming years.

In the three years leading up to the official launching of the Decade, in November 1980, the World Bank and WHO helped to prepare 110 country studies, assessing the water and sanitation needs of the Third World. About 60 developing countries have decided to establish special co-ordinating mechanisms for their water programmes.

More than 30 of these countries have now notified the World Health Organisation of internal targets for water development during the next decade. These are much less ambitious than those laid down by the UN, but will still require very large increases in spending.

On the basis of national programmes already launched or in preparation the World Bank has unofficially projected that by 1990 the total number of people without safe drinking water may be about the same as in 1975 — roughly 1.5bn. (Because of rapid population growth even this would be a substantial improvement in percentage terms — since the percentage of the world's population without safe drinking water has actually been *growing* rapidly over the past 15 years.) Even this outcome for the decade will involve a doubling of spending on water projects, to an average of $12bn. a year in 1980 prices.

A good indicator of the higher priority being accorded to water is World Bank spending. In the five years 1979-83 this is expected to be double the previous five years' level, at $700m (1979 prices), roughly 7 per cent of the World Bank's total lending. UNICEF increased its spending on water five-fold between 1974 and 1979.

What accounts for this upsurge in concern about drinking water? At the most idealistic level, it is the growing recognition that, uncontaminated water, simple sanitation and elementary information about hygiene could, together, yield greater health benefits than any amount of sophisticated medical treatment. In many areas, cleaner water could save far more lives than more food.

About 80 per cent of all illness in the world is related to contaminated drinking water and lack of sanitation. Between 10m and 25m people die each year from diseases including bilharzia, hookworm, river blindness; typhoid, cholera and, most important, simple diarrhoea. Diarrhoea is the world's largest single cause of infant mortality. It probably kills between one-third and one-half of all the children who die below the age of five in the Third World, often by interacting with, and exacerbating, malnutrition.

Even when they do not kill, water-related diseases cause *enormous economic losses*, as well as appalling suffering. WHO has estimated that, at any one time, there are more than 1bn people in the world suffering from a serious water-related disease.

A recent World Bank study in Indonesia reported that 85 per cent of workers were infected with hookworm—parasites which draw blood from their hosts, causing anaemia and lethargy. Treatment led to a 19 per cent increase in productivity. It is estimated that *at least one-third* of the world's population—and a majority of the people in the Third World—are *chronically infected* with nematode worms such as hookworm, which cause weakness *and lethargy and absorb* a significant part of the body's nutrition.

An even nastier parasite is guinea worm, whose larvae enter the body through drinking *water and then burrow under* the skin to grow into worms up to two feet in length. These *emerge slowly, causing excruciating pain*, through ulcers on the legs or arms or even *through the tongue or eyes.*

In Ghana, the major outbreaks of guinea worm infestation normally coincide with the agricultural planting and harvesting seasons. With three out of four adult males in some villages disabled for five weeks or more, whole crops are repeatedly lost. In parts of Nigeria, up to one-*quarter of the working population* is incapacitated by guinea worm for 10 weeks each year. But the construction of concrete rims (costing $1.40 each) around village wells, has been sufficient to prevent contaminated water flowing back into the water supply, reducing the incidence of *guinea worm in some villages* from 50 per cent to zero.

A child drinks water in Colombia. It may not be safe, but what is the alternative?

Less striking to Western eyes than the toll of water-related diseases, but *far more obvious* to the inhabitants of many developing countries, is the enormous amount of time and effort expended, almost invariably by women, in water-carrying.

There are some villages in Africa where women spend up to half the daylight hours and half their daily energy intake on carrying water during the dry season. In Eastern Nigeria, half the rural population lives more than 3 miles from perennial water supplies. In urban areas of Africa and Latin America, without water supplies families sometimes have to spend up to 10 per cent of their total incomes to buy water from private water-carriers.

Many Governments are now realising that winning popularity by setting up water projects is technologically feasible—since all permanent human settlements are, of necessity, within reach of a water table which could be tapped for reliable drinking water by means of wells or pipelines.

But efforts concentrated solely on building wells and water pipelines are unlikely, in themselves, to result in the potential health and productivity benefits, and the decline in birth rates and population growth, which many experts believe would follow a sharp reduction in infant mortality. Even if enough money were available to reach the UN's ambitious 100 per cent water supply target, two major pitfalls would remain:—

● The politically less attractive aeras of sanitation and hygiene are being neglected even by countries whihc have made great strides in dealing with the drinking water side of the disease-transmission cycle. Particularly in densely populated areas, water supply alone can have disappointing effects, as UNICEF has found in Bangladesh, where it has organised a programme to instal half-a-million tube wells, which will supply 100 per cent of the population with clean water by 1985. Only 5 per cent of the population has access to sanitation of any kind.

● *There is the general problem* of Third World countries' "absorption capacity" for new projects, even if the funds are available. The great bugbear of most past efforts to improve water supply has been the lack of administrators capable of organising projects efficiently and the almost total absence of technicians capable of maintaining the installations in working order. Indeed, according to Mr.

The World Bank has been relaxing its normal policy of financing only the foreign exchange costs of development projects, in recognition of the fact that water projects using simple domestically-produced technology are often much more successful than those which use imported equipment requiring sophisticated maintenance.

At the same time, resentment in the Third World about the Bank's preference for projects which can show a commercial return or, at the very least, can generate enough revenue to pay for maintenance, is declining. The idea that water should be provided free is giving way, even in some socialist countries such as Tanzania and Burma, to fairly sophisticated tariff structures which increase the chances of water being used efficiently.

It is in the areas of project management and planning and technical training that the developed countries can make their most important, and for the businessmen, most profitable contributions. Engineering and management consultants specialising in water supply have been noting a growing demand for their services. Britain's National Water Council is seeking Parliamentary approval to set up a new company which would specialise in assisting developing countries with training.

It is estimated that 1m technicians will have to be trained in the Third World if even half the UN's goal of $30bn a year is to be absorbed efficiently: a prospect which, like the Decade's other targets, would seem implausible, if only its achievements were not so essential.

HEALTH TARGETS FOR 1990

(Percentage of population covered)

Country	Water supply Urban	Water supply Rural	Sanitation Urban	Sanitation Rural
Bangladesh	60	100	60	12
Burma	56	50	53	52
India	100	100	90	25
Indonesia	75	42	—	—
Sri Lanka	100	60	100	100
Argentina	80	80	70	70
Chile	100	100	100	—
Costa Rica	100	100	100	100
Cuba	100	—	100	—
Nicaragua	75	50	50	—
Algeria	85	25	—	—
Chad	80	75	—	—
Ethiopia	100	50	—	—
Ghana	77	61	—	—
Malawi	100	100	100	100

The World Health Organisation has received information from 33 countries of their national targets for the decade. Some are shown above; a dash means no target has been set.

Letters to the Editor

Short-time working

From Mr. E. Whiting

Sir,—You reported (Feb. 6) the view of the managing director of Seddon Atkinson that the cut in the rate of the Government's short-time working *compensation scheme payment* from 75 per cent to 50 per cent of earnings had contributed to *the decision to make 810 people* redundant. I have read and heard similar views from other *managers in the North-West*. If the rate of compensation had remained at 75 per cent, there *would certainly* have been considerably less redundancies recently.

I have been looking to see what the Government gains by the cut. If one assumes that the people made redundant by works closure are not going to be employed in another job on *full-time working*, the Government, in every case that I examined, makes a loss on the closure, even with compensation at 75 per cent. At 50 per cent it makes a smaller loss per case, but there are more cases of redundancy in consequence of the lower rate.

One wonders whether the Government has got the trade-off right. From my rough calculations, assuming married men working 2 days on and 3 days off at £100 per week; if *the higher 75 per cent rate* would have saved only one of ten short-timers from being made redundant, it would have been a good bargain for the Government. Or, to put it another way, it needs only one out of ten factories (of a similar size) to close, as a result of the reduction to 50 per cent, to make it a bad decision for the public sector borrowing requirement.

In my assumption of the cost of unemployment I have taken into account only the loss of income tax and national insurance contribution at 1981/1982 rates and the cost of benefits, with no allowance for the *reduced yield of indirect taxes* and "knock-on" effects.

On the somewhat scant evi*dence at my* disposal I would judge that the short-time compensation should have remained *at 75 per cent*, but *that must* depend on there being no reasonable prospect of the *workers made redundant obtaining* re-employment and the firm not having to incur substantial *extra costs on account of the* short-time working. The conditions in the present temporary *short-time working compensation* (TSTWC) seem to me to be irrelevant to the proper aims *of the scheme. These are* that the compensation can be given for only nine months (let it go *on longer if it is economic*); that the wages concerned are limited to £120 per week (at higher wages the scheme would save even more by avoiding a higher loss of taxes and contributions); and that the numbers of employees are limited to ten (another blow to small businesses).

If the Government really wants to save public money it *should examine the costs and* benefits of the TSTWC carefully and comprehensively. And, *if it really wants to help small* developing businesses in temporary difficulty, it should at *least give the same to them as* to larger businesses.

Edwin Whiting,
(Lecturer in Management Control),
Manchester Business School,
Booth Street West,
Manchester.

The sugar market

From Lord Campbell of Eskan, Chairman of the Commonwealth Sugar Exporters' Association

Sir, — Your Commodities Editor is always well-informed on sugar matters and writes with understanding on the issue of access to the United Kingdom market for Africa-Caribbean-Pacific cane sugar.

His article "Cane sugar imports pledge" (February 12) may unwittingly, however, give the impression that the British Government's special responsibilities to its traditional cane sugar suppliers can be adequately discharged by Tate and Lyle's helpful offer to place elsewhere in the EEC the quantity of sugar for which there is no longer room in Britain.

This is not so. Only access *to the British market* backed as that is by the assurances of successive Governments as well as by the *formal guarantees* in the text of the sugar protocol, can provide adequate long-term security to the suppliers.

Thus it is essential to have clear undertakings as to the future size of the market. Moreover Britain's support for cane sugar in the councils of the Community will be more than ever necessary in the future if other member states are to continue to take the displaced sugar. The Government's commitment remains vital and cannot be replaced by commercial contracts of limited duration. These may provide a breathing space but in the long run nothing short of the control of surplus beet production can safeguard ACP access.

Whatever the reduction in British sugar consumption: it is the increase of beet production that is displacing ACP cane sugar. The United Kingdom has guaranteed a market for their cane suppliers since 1951. Now, despite Government undertakings, sugar from traditional suppliers is, for the first time, being turned away.

Campbell of Eskan,
15, Eaton Square, SW1.

Taxing drinks

From the Director, National Council on Alcoholism

Sir,—Mr. Gordon Clark (February 8) extols the economic virtues of the alcohol production industry. While this industry has indeed employed thousands and contributed towards the balance of payments, it should not be forgotten that its output has also had *harmful* effects.

Alcohol abuse has led to great losses of industrial production —14m working days *lost* each year by problem drinkers; increased road traffic deaths and injuries—one in *five of all* deaths on the road; greater levels of criminal activity, particularly of a violent physical nature; it is costly to the health service—almost 20 per cent of hospital beds are occupied by patients with alcohol-related illnesses.

In the past 20 years the real rate of alcohol taxation has declined, consumption, has nearly doubled, as have deaths due to liver cirrhosis.

Costs such as these are large and need to be offset against Mr. Clark's list of benefits. While the relationship between increased consumption of alcohol and increased social costs due to alcohol abuse require much greater clarification, it cannot be denied that such a link exists. Taxation of alcohol may control alcohol consumption and reduce the *social costs* of alcohol abuse. Such an effect is attainable at a cost: a lower demand for the output of the drinks industry.

Society in general, and the Chancellor in particular, would be ill-advised to follow Mr. Clark's partial approach in ignoring the costs of alcohol *abuse. The maximisation of* the production of the industry would merely maximise the *social costs of alcohol abuse and* we should all hate the industry to have a bad conscience about *the deleterious effects of its* products!

Derek Rutherford.
National Council on Alcoholism,
3, Grosvenor Crescent, SW1.

Index-linked bonds

From Mr. J. Clayton

Sir,—I don't know why Mr. Gilling-Smith (February 13) includes me among the "critics of index-linked bonds." There is no such criticism in my February 10 letter to which he purports to reply. As regards index-linking, *per se*, I regard myself as a pioneer; having put to Mr. Healey in 1975 (prior to the first issue of "granny-bonds") and repeated to Mrs. Thatcher in 1979, a scheme for dealing with a moeity of take-home pay in deferred index-linked money.

My criticism of Mr. Gilling-Smith's proposal was that it would "perpetuate and intensify inflation": not as a theoretical concept—which I abhor—but based on Blue Book data. In brief, pensions, generally, exert serious inflationary pressure, because their increasing demand on the GNP exceeds the annual growth of the economy.

Perhaps the best demonstration of the "non-inflationary" impact of the proposed index-linked 3 per cent coupon bond, is the grim fact that, during the past seven years the average "true" yield on 2½ per cent Consols has been minus 3 per cent!

Even banks, with their huge "windfall" profits, are apprehensive of the ultimate cost of index-linked pensions; as witness the remarks of Barclays' chairman, after, in 1974, adding 43 per cent of pay to maintain solvency of their main fund: "Whether our assumptions will come to pass neither we nor anyone else knows."

Jack Clayton.
19 Park Road,
Cheam, Surrey.

Pension fund problems

From Mr. T. Layborn.

Sir,—While I read with interest the article of February *7 by Mr. Gilling-Smith, I* feel compelled to ask him just three questions:

He states that "many" private sector schemes have awarded the same cost of living increases as have been awarded in the public sector. I wonder what he means by the use of the word "many" because my own experience is that, expressed as a proportion of all schemes, those in the private sector who have consistently awarded the same increases as the public sector, can be counted in the lower half of single figures?

He states that to take away index-linking in the public sector would save relatively little in terms of money. As the cost has already amounted to some hundreds of millions, I would ask Mr. Gilling-Smith, what is his interpretation of "relatively little"?

He mentions a positive rate of return of 3 per cent, and a *rate of interest of 18 per cent.* Could he tell me where, with safety, I could invest and *receive 18 per cent, but of more* importance, could he name any fund that has had a positive *rate of return of 3 per cent in* the last ten years, or even in one of the last ten?

I believe the employers, who during the last few years have been contributing to their pension schemes on the mistaken assumption that there would be a positive rate of return, will, before many years are passed, find that their schemes are in financial difficulties, if they are not so already.

T. A. E. Layborn,
5 Heath Rise.
Kersfield Road.
Putney Hill SW15.

Protection money

From the Chairman, Consumers in the European Community Group (UK)

Sir,—I was interested to see a report (February 10) on the views of the Birmingham Chamber of Industry and Commerce on *the draft EEC directive* on product liability. It seems that the Chamber *believes that the introduction* of the law would discourage industry from introducing pro*duct changes if faced with the* possibility of damages claims from ultimate users. Their *answer to the innovation* "problem" as they see it is to rid themselves of the risk of claims by *avoiding strict responsibility* in law, and to this end they argue in favour of the inclusion *of a "state of the art"* defence.

It is difficult for UK consumers, as well as those in other European countries where producers already cope perfectly well with strict liability laws, to accept the case put by UK industry for the state of the art defence. We have seen no evidence that there is less innovation in those areas where strict liability exists. On the contrary the imposition of strict liability should lead to the production of higher quality, safer products, which would, of course, be welcomed by consumers.

Our industries will be able to insure against the risk of the unlikely event of an accident occurring and a claim being made. According to the information we have the extra *cost is likely to be small*: even if insurance premiums doubled the costs would increase from *only 0.01 per cent of turnover* to 0.02 per cent.

We appreciate that this extra cost will be passed on to consumers but feel that it is a small price to pay for increased protection. What we do not accept is that while insurance is available to cover the risk of a claim and when the cost of that insurance can be shared among all consumers of the product, the benefits that would undoubtedly acrue to consumers through the directive should be denied them by the introduction of a state of the art defence.

Kate Foss.
Consumers in the European Community Group (UK),
29, Queen Anne's Gate, SW1.

Today's Events

GENERAL

UK: Mr. Hamish Gray, Energy Minister, opens Hydro Carbon '81 Exhibiton, Great Yarmouth.

Confederation of British Industry Council meets.

Teachers unions and management discuss pay, London.

British Airways and its unions meet in an attempt to prevent Friday's 24-hour strike.

Mr. Norman Fowler, Transport Minister, is among speakers at a conference on the Transport Act 1980, Mayfair Hotel, London.

Prince Philip addresses all-party conservation committee of both Houses of Parliament, Westminster.

Duke of Kent presents fellowship in manufacturing management for Engineering Industries Training Board, Royal Garden Hotel, London.

Sir Ronald Gardner-Thorpe, Lord Mayor of London, attends presentation of The Accountant and Stock Exchange annual awards, Mansion House.

Forecasts for exchange rates conference, Henley Centre for Forecasting, at London Press Centre.

Marketing Services Exhibition opens, West Centre Hotel, London (until February 19).

London Chamber of Commerce conference on Libya, 69 Cannon Street.

The Queen visits stables and shire horses at Youngs Brewery, Wandsworth, to mark 150th anniversary.

Overseas: Lord Carrington, Foreign Secretary, starts two-day visit to Nigeria, meets Prof. I. Audu, Minister for External Affairs.

President Ronald Reagan delivers *State of the Union* message to Congress, Washington.

European *Communities Com*mission completes proposals for *agricultural prices*, Brussels.

PARLIAMENTARY BUSINESS

See Parliamentary News on page 10.

OFFICIAL STATISTICS

Indices of average earnings for *December* and *indices of basic* rates of wages for January.

COMPANY MEETINGS

William Leech, County Hall, Newcastle upon Tyne, 12. McCorquodale, 116 Pall Mall, SW, 10.30. Martin the Newsagent, Brentwood, Essex, 12. Nottingham Brick, Sherwood, Nottingham, 10.45. *Redfearn National* Glass, Royal Station Hotel, York, 12. Westminster Property *Group, Abercorn Rooms, Bishops*gate, EC, 11.30.

Inveresk loss in line with offer conditions

FORMAL documents from the U.S. forest products group, Georgia-Pacific, covering its agreed £7.1m cash bid for the loss-making Inveresk Group, are expected to be sent out within the next two weeks.

Yesterday, Inveresk satisfied Georgia-Pacific's only precondition by reporting a loss for 1980 of less than £7m before tax, minorities and preference dividends, but after extraordinary items. The loss on this basis was £6.78m.

Georgia-Pacific's offer, announced last month, is 35p per Inveresk ordinary share or an equivalent amount of Georgia-Pacific shares, and 80p for Inveresk's 4.2 per cent first preference £1 stock units and 15p for the 25p second preference units.

The offer is conditional on 90 per cent acceptance of ordinary shares. Mr. Edward Nassar, a Switzerland-based financier who holds nearly 14 per cent of Inveresk shares, has indicated his opposition to the offer price.

Pre-tax loss of Inveresk in 1980 was £3.46m compared to a profit of £0.5m. There was a tax credit of £233,000 (£208,000 charge) and extraordinary debits of £3.3m against a £77,000 credit.

Minority interests absorbed £7,000 (£14,000) leaving an attributable loss of £6.5m, compared to a profit of £381,000.

Dividends were paid only on the preference stocks in 1980 and cost a total of £187,000, against charges of £545,000, which included £408,000 in dividends on the ordinary shares. Retained profit dropped from £7.6m to £894,000. The loss per ordinary share was 16.8p (1.7p earnings).

Turnover in 1980 was £63.05m, of which UK sales amounted to £57.4m. In 1979, turnover was £88.28m, including £26.55m from a business that was sold; UK contribution was £55.06m.

The directors state that the paper and board division's results were dominated by the problems of the Carrongrove Mill. Technical difficulties with the new paper machine were overcome but the fall in demand and price for coated paper and the need to close the original papermaking facilities caused a drastic restructuring at the mill.

The results of the other papermaking operations declined, with cartonboard and certain speciality product groups being the most affected; printing and writing papers continued to be profitable.

The stationery division recorded good results for most of the period but the packaging group had a disappointing year.

Net rental income from industrial investment property rose from £577,000 to £761,000 but interest charges increased from £1.47m to £1.67m. Borrowings rose £5.2m to £11.8m.

Closure and rationalisation measures in 1980 resulted in charges of £1.59m and the net book value of assets written off amounted to £1.6m.

Because of the Georgia-Pacific offer, no date has yet been fixed for the annual general meeting.

WINTERBOTTOM

Winterbottom Trust changed its name to the Winterbottom Energy Trust with effect from February 12, 1981.

Ernest Jones lower in second half

A FALL of £160,000 to £1.46m in pre-tax profits is reported by Ernest Jones (Jewellers) for the year to September 27, 1980. Second-half figures were down from £553,000 to £244,000. Turnover, including VAT, rose from £8.88m to £9.97m, the tax amount being £1.28m (£1.06m).

The directors say that despite the current economic climate, the first quarter of the current year, which included the Christmas trading period, produced record sales. They add, however, that consideration must be given to the present recession and the effect this will have on retail trade.

After tax up from £23,000 to £194,000, stated earnings per 10p share are lower at 12.6p (15.9), and the final dividend is effectively unchanged at 2.5p, for a total of 3.9p (3.75p adjusted). Certain directors and shareholders are waiving and have already waived dividends amounting to £258,400.

Commenting on the year's figures, the directors say trading during the first half was at a high level. However, during the second half the group was not immune from the prevailing economic conditions.

They say the general recession brought a rapid downturn in consumer demand and turnover suffered accordingly. It was not possible, therefore, to maintain the growth shown in the first half.

Expenditure on fixed assets during the year was £897,000, virtually double the sum in 1979. This significant addition to fixed assets resulted in an increased depreciation charge up from £169,000 to £271,000.

Included in this expenditure is the cost of opening several new branches in addition to the purchase and installation of a new in-house computer. During the year, the number of branches increased to 48 and is currently 50.

Contracts have been exchanged for new branches at Oldham, Cardiff and Guildford, and it is anticipated that these will be trading during the first half of 1981.

● comment

Profit of the fast-growing multiple, Ernest Jones (Jewellers), was nearly 14 per cent ahead at the interim stage so the 63 per cent drop in the second half is a disappointment. The shares, which have held up fairly well, eased 6p yesterday to 108p but the fully-taxed p/e is still a rather glamorous 15. The group doubled its capital spending last year to £897,000 and added six new branches. In the current year, another five branches will be opened. Expansion at this rate at a time of difficult trading has inevitably increased the need for finance, and borrowings have crept up to about one-fifth of shareholders' funds. Trading bounced back in the Christmas quarter, apparently with maintained margins, but the group is unlikely to make much, if any, progress in the full year. The yield on the well covered dividend is 5.2 per cent.

HIGHLIGHTS

Lex looks at the moves in the currency markets yesterday before moving on to the company front. Whisky giant, Distillers, is considered in the light of the gloomy remarks made by the Scotch Whisky Association and news of the substantial losses made by Distillers' associate United Glass. The Department of Trade report into the shareholdings in Dunlop is considered, and Lex examines the recapitalisation proposals of BPC. On the bid front Mr. John Bentley's Bardsey property company reveals itself as the raider last week for the shares of F. Pratt and says that it is considering making a full offer.

£5.6m loss by United Glass

REDUNDANCY PAYMENTS, closure costs and much higher interest charges have contributed to a pre-tax loss of £5.57m for United Glass in respect of the year ended November 29, 1980. For the previous 12 months, the company, which is unquoted and jointly owned by Distillers Company and Owens Illinois Inc., earned taxable profits of £10.92m.

At the interim stage, pre-tax profits had fallen from £6.01m to £3.35m.

Turnover for the year increased from £164.42m to £176.15m, but trading profits declined by £8.34m to £4.22m. Profits from glass containers tumbled to £5.42m, against £10.18m, while losses of £1.2m (£2.38m profits) were made from other products.

The year's results were affected by a significant contraction in demand for the group's products, which caused below capacity working in all divisions.

Following the action taken earlier to limit the growth of finished stocks, the group had to reduce output further in the second half, consistent with the decline in the level of business. This resulted in additional redundancies in many areas of the group and redundancy payments and other costs of facility closures, totalling £4.81m, have been charged against profits.

Despite these measures there was a marked rise in bank borrowings which, combined with higher interest rates, caused a substantial increase in financing costs from £1.64m to £4.97m.

There is no tax (£850,000 charge) and the Board says there is no foreseeable liability for corporation tax. No dividend is payable (£2.8m) and £5.57m has been brought from reserves (£7.2m to reserves).

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Drake and Scull	1.5	April 8	1.5	2.75	2.75
First Scot. American ...	3.25	April 23	3	4.55	4.2
Impala Platinum ...int.	35‡	April 3	35	—	100
Ernest Jones	2.5	April 2	2.5*	3.9	3.75*
Manson Finance ......int.	1.5	Mar. 13	1.5	—	3.5
Meat Trade S'pliers int.	3.5	Mar. 26	3.5	—	7.88
Meldrum Inv. Tst.	2	April 9	1.5	3.25	3§
Reliance Knitwear ...int.	0.77	May 5	1.54	—	3.1
Joseph Webb ....int.	0.13	April 14	0.12*	—	0.51*
Westminster C'ntry int.	1.25	April 30	1	—	3

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Cents throughout. § Including special 0.5p.

Yearlings unchanged

The interest rate for this week's issue of local authority bonds is 12⅜ per cent, unchanged from last week. The bonds are issued at par and are redeemable on February 24, 1982.

A full list of issues will be published in tomorrow's edition.

Joseph Webb slips at midyear

Taxable profits of Joseph Webb and Company slipped in the half year to end-September 1980, from £295,143 to £271,026 after much higher interest charges of £159,200, compared with £81,125. Turnover for the period edged ahead from £2.18m to £2.48m.

For the full year the directors expect pre-tax profits to be marginally below the £615,000 earned in 1979/80.

They say the continuing effects of the national recession are being reflected in the current level of bookings for the 1981 holiday season, which shows a decrease compared with last year. It is anticipated that a reduced contribution from holiday profits will be made for the year ending March 31, 1982.

The prospect of land sales is constantly under review and property income is expected to show a marginal increase over the year.

Tax in the half year took £56,160 (£71,240), leaving stated earnings per 5p share of 0.89p (0.93p adjusted).

The interim dividend is being effectively increased from 0.119p to 0.1313p net after allowing for the one-for-ten scrip. Last year a final equal to 0.391p was paid. The interim payment absorbs £30,711 (£27,919).

Trading profits of the holiday and leisure division in the six months increased from £324,059 to £361,327 and property income moved up from £52,209 to £65,899. There were no land sales in the period and it is not anticipated that a contribution will now be made in the second six months.

The directors say they are continuing to look for worthwhile opportunities of further acquisitions. The recently-acquired caravan park at Manorbier, near Tenby, is currently being redeveloped in readiness for the 1981 holiday season.

Meat Trade Suppliers ahead midway

Pre-tax profits of Meat Trade Suppliers increased from £200,670 to £221,060 for the half year ended September 30, 1980, and the interim dividend is unchanged at 3.5p net per 25p share.

For the whole of the previous year dividends totalled 7.875p, paid from taxable profits of £483,256 (£333,685), but the directors said that prospects for the current year were impossible to assess.

Sales of this sausage casings and butchers' equipment maker for the six months amounted to £3.85m compared with £5.59m—the directors say that the comparative figure would have been £3.7m if low profit trading, discontinued on September 30, 1979, had been deducted.

Investment income increased considerably during the period, they state.

After first-half tax of £114,951 (£102,952) net profit came through at £106,109 compared with £97,718.

Porvair earnings decrease

NET profits of Porvair, maker of microporous synthetic materials, dropped to £80,000 for the year to November 30, 1980, compared with £180,000 for the previous 13 months period. Earnings per 25p share fell from 1p to 0.4p.

Profits were struck after tax and redundancy payments of £84,340. A credit of £96,200 (nil) has been taken for tax relief.

Turnover amounted to £6.33m, against £6.3m for 13 months.

The company is a subsidiary of Inmont (UK), the ultimate holding company being United Technologies Corporation of the U.S.

LONDON TRADED OPTIONS

(Feb. 17 Total contracts 758)

Option	Ex'rcise price	April Closing offer	April Vol.	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Equity close
BP	360	42	2	—	—	—	—	392p
BP	390	24	5	38	7	50	—	"
BP	420	12	—	24	—	36	1	"
BP	460	5	—	13	66	—	—	"
BP	500	2	23	7	8	—	—	"
Com. Union	130	23	10	26	—	33	—	147p
Com. Union	140	14	3	17	5	24	—	"
Com. Union	160	6	1	8	—	13	—	"
Cons. Gold	500	—	—	17	—	28	1	430p
Cons. Gold	550	—	—	5	4	8	—	"
Courtaulds	50	9	10	13	—	15	—	56p
Courtaulds	70	¾	10	3	—	—	—	"
GEC	550	87	10	115	4	132	—	626p
GEC	600	50	2	78	1	98	—	"
GEC	650	19	54	47	1	67	5	"
Grand Met.	160	7½	3	14	—	18	—	160p
ICI	300	13	50	28	—	34	—	292p
ICI	330	6	—	16	1	—	—	"
ICI	360	1½	—	5½	1	—	—	"
Land Sec.	390	23	45	34	41	47	1	397p
Land Sec.	420	9	18	19	5	31	—	"
Marks & Sp.	100	24	3	28	—	—	—	121p
Marks & Sp.	110	15	—	20	—	25	3	"
Marks & Sp.	120	7½	2	14	20	19	—	"
Marks & Sp.	130	3	—	7½	—	11	—	"
Shell	390	24	1	44	7	56	—	410p
Shell	420	12	4	26	3	34	—	"
Shell	460	4	4	13	—	22	—	"
Totals			240		174		11	
		February		May		August		
Barclays B'k	390	10	—	27	—	40	1	393p
Barclays B'k	420	3	—	15	6	27	—	"
Imperial Gp.	80	1	6	3½	—	4½	—	77p
Lasmo	650	10	3	43	13	82	—	659p
Lasmo	700	½	—	34	8	60	—	"
Lasmo	800	¼	—	7½	80	18	8	"
Lonrho	100	—	—	8½	10	12½	5	100p
Lonrho	104	¾	2	—	—	—	—	"
Lonrho	110	—	—	5	12	8	20	"
Lonrho	114	½	1	—	—	—	—	"
P. & O.	110	11½	—	17½	1	21	—	121p
P. & O.	120	2½	22	11	—	13	—	"
P. & O.	130	½	7	5½	—	9½	20	"
P. & O.	140	¼	3	3	—	—	—	"
Racal Elec.	280	59	1	67	—	77	—	338p
Racal Elec.	300	39	2	50	—	65	—	"
Racal Elec.	330	10	—	30	9	44	—	"
Racal Elec.	390	¼	—	6	—	19	25	"
RTZ	364	24	11	—	—	—	—	406p
RTZ	390	—	—	38	1	50	—	"
RTZ	414	5	—	24	31	—	—	"
RTZ	454	½	—	12	22	—	—	"
RTZ	494	½	—	6	3	—	—	"
Totals			58		196		79	

BASE LENDING RATES

A.B.N. Bank	14 %	■ Hambros Bank	14 %
Allied Irish Bank	14 %	■ Hill Samuel	§14 %
American Express Bk.	14 %	C. Hoare & Co.	†14 %
Amro Bank	14 %	Hongkong & Shanghai	14 %
Henry Ansbacher	14 %	Keyser Ullmann	14 %
AP Bank Ltd.	14 %	Knowsley & Co. Ltd.	16 %
■ Arbuthnot Latham	14 %	Langris Trust Ltd.	14 %
Associates Cap. Corp.	14 %	Lloyds Bank	14 %
Banco de Bilbao	14 %	Edward Manson & Co.	15 %
BCCI	14 %	Midland Bank	14 %
Bank of Cyprus	14 %	■ Samuel Montagu	14 %
Bank of N.S.W.	14 %	■ Morgan Grenfell	14 %
Banque Belge Ltd.	14 %	National Westminster	14 %
Banque du Rhone et de la Tamise S.A.	14½ %	Norwich General Trust	14 %
Barclays Bank	14 %	P. S. Refson & Co.	14 %
Beneficial Trust Ltd.	15 %	Rossminster	14 %
Bremar Holdings Ltd.	15 %	Ryl. Bk. Canada (Ldn.)	14 %
Brit. Bank of Mid. East	14 %	Slavenburg's Bank	14 %
■ Brown Shipley	14 %	E. S. Schwab	14 %
Canada Perm't Trust	15 %	Standard Chartered	‖14 %
Cayzer Ltd.	14 %	Trade Dev. Bank	14 %
Cedar Holdings	14 %	Trustee Savings Bank	14 %
■ Charterhouse Japhet	14 %	Twentieth Century Bk.	14 %
Choulartons	14 %	United Bank of Kuwait	14 %
C. E. Coates	14 %	Whiteaway Laidlaw	14½ %
Consolidated Credits	14 %	Williams & Glyn's	14 %
Co-operative Bank	*14 %	Wintrust Secs. Ltd.	14 %
Corinthian Secs.	14 %	Yorkshire Bank	14 %
The Cyprus Popular Bk.	14 %		
Duncan Lawrie	14 %		
Eagil Trust	14 %		
E. T. Trust Limited	14 %		
First Nat. Fin. Corp.	16½ %		
First Nat. Secs. Ltd.	16 %		
Robert Fraser	14 %		
Antony Gibbs	14 %		
Greyhound Guaranty	14 %		
Grindlays Bank	‡14 %		
■ Guinness Mahon	¶14 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 11½%, 1-month 11¾%. Short term £4,000/12 months 13.35%.
† 7-day deposits on sums of £10,000 and under 11½%, up to £50,000 12%, and over £50,000 12½%.
‡ Call deposits £1,000 and over 11½%.
¶ 7-day deposits 12%.
§ Demand deposits 12%.
‖ 21-day deposits over £1,000 13%.

ACQUISITION OF SIDGWICK & JACKSON PROPOSED

THF in an 'enviable position'—Thorneycroft

Trusthouse Forte is proposing to acquire the publishing house Sidgwick and Jackson for slightly more than £0.2m. Shareholders are being asked to approve the arrangements at the Annual meeting on March 16.

Sidgwick lost £108,000 last year, had an overdraft on June 30, 1980 of £0.84m and a deficit on shareholders' funds of £224,104. The purchase price of 75p a share values the issued share capital at £235,000, but the maximum expenditure involved in the purchase will be £216,000, as Forte Holdings (a subsidiary of THF) already holds 4 per cent of the shares.

The bulk of the Sidgwick shares are held by three directors of THF: Sir Charles Forte (executive chairman), Mr. E. Hartwell and Mr. L. Rosso between them hold 68.7 per cent of the equity (73.3 per cent of the "A" shares).

The directors of THF consider that the development of publishing interests is a logical extension of the group's main activities, and that the price to be paid is reasonable, given the potential benefits flowing from integration. Sidgwick's trading profit for the first five months of the current year is reported to be £78,000 compared with £25,000 last year.

The current year is likely to be another difficult period, Lord Thorneycroft, chairman of THF, tells shareholders in his annual review, but the group feels it is in "an enviable position."

He says that hotel, catering and leisure must be one of the few industries which will inevitably expand over the next decade, and with the group's strong balance sheet and management expertise, it looks to the future with great optimism.

Some £95m was spent on additions and improvements, as well as substantial sums on maintenance and repair of assets, during the October 31, 1980 year. Expenditure of this magnitude used some of the group's liquid resources and consequently increased its financial charges, Lord Thorneycroft, states, "but we look forward to the resulting increase in profits in future years."

As reported on January 22, taxable profits for the 1979/80 year were down slightly from £68.2m to £66m, but the dividend is lifted from 8p to 9p per share and a one-for-two scrip is proposed. Trading receipts rose by 7 per cent to £772.4m (£721m).

In a current cost statement pre-tax profits for the period are reduced to £54.2m, compared with £58.5m.

Meeting, Grosvenor House, W. on March 16, at noon.

See Lex

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals.

TODAY

Interims: Daejan, Dalgety, Eleco, Epicure United Real Property Trust.

Finals: Birmid Qualcast, Foreign and Colonial Investment Trust, General Consolidated Investment Trust, London and Lomond Investment Trust, Securicor, Security Services, United States Debenture Corporation, Updown Investment, West Coast and Texas Regional Investment Trust, Yeoman Investment Trust.

FUTURE DATES

Interim—

Brown Brothers	Feb. [illegible]

Finals—

Alcan Aluminium (UK)	Feb. [illegible]
Carpets International	Apr.
Channel Islands and Internat. Investment Trust	Feb. [illegible]
Jamesons Chocolates	Mar. 1
Low and Bonar	Mar. [illegible]
Olives Paper Mill	Feb. [illegible]
Scottish United Investors	Feb. 2
Sharpe (W. N.)	Mar.
Woodhouse and Rixson	Mar.

Grand Met's sales climb

SALES by Grand Metropolitan rose from £609.87m to £686.28m in the three months to December 31, 1980. The figures, which exclude Liggett Group Inc., show an increase of about 12.5 per cent.

First-quarter figures of Liggett show net sales up from $276.63m to $282.21m. Pre-tax profits showed a substantial increase from $15.7m to $45.31m. The company says the comparisons are distorted by the sale of Austin Nichols in May, 1980, and by exceptional reorganisation costs in 1979.

In addition, operating income —$48.19m against $29.44m—has been materially increased by special timing factors which have accelerated wines and spirits sales and postponed marketing expenses. The rate of increase in profit is exceptional therefore, and should not be expected to continue, says the board.

The pre-tax figure of Liggett was struck after interest income up from $112,000 to $5.09m, interest expense lower at $3.78m ($3.96m) and corporate expenses of $4.54m ($7.16m).

After tax of $18.66m ($9.48m) and "discontinued operations," comprising the net operating income and gain on disposal of three small subsidiaries, net earnings were $26.99m ($10.45m).

SPAIN

February 17	Price %	+ or −
Banco Bilbao	292	−4
Banco Central	332	−4
Banco Exterior	260	−2
Banco Hispano	275	−4
Banco Ind. Cat.	125	
Banco Madrid	141	
Banco Santander	344	−4
Banco Urquijo	183	−2
Banco Vizcaya	320	
Banco Zaragoza	238	−2
Dragados	125	+4
Espanola Zinc	56	+1
Fecsa	59.5	+1.3
Gal. Preciados	35	+1.5
Hidrola	68.5	+1.3
Iberduero	59.5	+1.5
Petroleos	92	−3
Petroliber	70	
Sogefisa	102	
Telefonica	62.2	+1.7
Union Elect.	65.5	+1.0

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COMPANY NEWS

Reliance Knitwear profits tumble and interim halved

WITH TAXABLE profits showing a sharp decline from £228,000 to £30,000 in the half year to October 31, 1980, Reliance Knitwear Group has halved its interim dividend to 0.77p net per 20p share, against 1.54p last time.

For the year ended April 30, 1980, pre-tax profits were £573,321 (£530,884) from which dividends totalling 3.1p were paid.

Full production has been maintained throughout the half year. Sales were 10 per cent higher at £9.57m (£8.74m) but margins have been further eroded.

However, the board says the worst may now be over and some improvement is expected in the current calendar year.

Tax for the six months took £24,000 (£48,000), giving a net balance of £6,000, against £180,000. An amount of £50,545 was transferred from reserves (£66,910 to reserves) to cover the interim dividend costing £56,545 (£113,090).

● comment

Reliance Knitwear has found itself very tightly stretched in the past few months. Unable to raise selling prices to the chain-store customers who still take 75 per cent of output, Reliance still decided to maintain full production and preserve capacity. Pre-tax margins—a meagre 2.6 per cent last year—have predictably been cut by nearly 90 per cent, despite low wage settlements and some rationalisation of subsidiaries. The interim dividend, which has been halved (following a 27 per cent cut at the final last year), is nowhere near covered. But it has been paid on the basis that stocks, and hence borrowings, are substantially lower than a year ago. The payment is a gesture towards better hopes for the rest of 1981. The shares fell 1p yesterday, to 17p, where they yield 13.6 per cent on the assumption of a total 1.55p for the year.

Sidlaw set to benefit from N. Sea activities

Although the 1980 results make sombre reading, the detailed figures demonstrate the soundness of the strategy of diversifying the group's activities into Aberdeen and Peterhead in support of the energy-related operations in the North Sea, Mr. Robert Smith, the chairman of Sidlaw Industries, tells shareholders in his annual review.

He says the oil services division continues to grow strongly, both in turnover and profit, and the group is well placed to benefit further from the build-up of these operations in the north-*east of Scotland.*

The chairman points out that the scope and extended timescale of these operations is perhaps only now beginning to be fully recognised outside the oil and gas industry and the long-term revenue earning potential of the group's existing investment in this field is considerable.

In a review of the textile division it is stated that steps already taken and announced will do little more than contain the textile loss in the half year *to March, 1981, although the* retained and reorganised units have realistic prospects of continuing satisfactorily.

Since the year end the company has sold its half interest in C. C. Financial Inc.

As reported on January 9, Sidlaw incurred a pre-tax loss of £134,000 for the year to September 26, 1980, compared with a profit of £878,000 the previous year. The total dividend is being reduced from 6.7217p to 3p net, with a final of 1.5p (5.2217p).

Shareholders' funds show a reduction from £11.94m to *£9.34m. Bank overdrafts* and short-term loans are lower at £2.51m (£4.9m).

The accounts reveal that £37,500 was charged as an extraordinary item in respect of the early termination of a director's contract of executive employment.

Edinburgh Investment Trust held 11.14 per cent of the group's issued share capital at year end.

Meeting: Dundee, March 12 at noon.

MINING NEWS

Official go-ahead soon for big Ok Tedi mine

BY KENNETH MARSTON, MINING EDITOR

PREPARATIONS are now at an advanced stage for the launching of a major new mining operation, the Ok Tedi gold-copper deposit in the Star Mountains of Papua New Guinea.

By the end of this month Australia's Broken Hill Proprietary and its partners are expected to tell the Papua New Guinea Government that they intend to go ahead with the A\$700m-plus (£358m) venture.

BHP and Standard Oil (Indiana), or Amoco, each have a 30 per cent stake in the project. The Papua New Guinea Government has 20 per cent and the remaining 20 *per cent is held by the West* German Kupferexplorationsgesellschaft consortium.

Ok Tedi is situated in one of the remotest parts of the world in the centre of New Guinea island, near to the border with the Indonesian province of Irian Jaya. It has some similarities with the Rio Tinto-Zinc group's successful Bougainville mine, nearly a thousand miles to the north-east on Bougainville Island.

Both areas are subject to a very heavy rainfall of anything up to 400 inches a year and both are open-pit propositions. Bougainville contains even lower *copper grades — under 0.5 per* cent—than Ok Tedi but it does have reasonable access to good port facilities at Arawa.

Ok Tedi, which will present a mining challenge every bit as great as that accepted and overcome at Bougainville, has a major disadvantage in the lack of suitable port facilities conveniently situated for the minesite. Transport facilities for the concentrates produced could be a major problem for Ok Tedi and the infrastructure requirements could push the total cost of Ok Tedi to some A\$1.2bn.

On the other hand, Ok Tedi has the big advantage of a cap of gold bearing ore totalling some 34m tonnes with a grade of 2.86 grammes gold per tonne. Under this there is some 351m tonnes of porphyry copper ore grading 0.7 per cent copper and 25m tonnes of skarn (impure limestone) containing 1.17 per cent copper.

The mining plan falls into three main phases. Firstly, the valuable gold cap will be tackled. Extractive operations could start in 1984 and reach a rate of 15,000 tonnes of ore per day (an annual gold recovery of some 400,000 ounces).

The second phase, starting in about 1986, would see gold operations augmented by the mining of copper ore at a rate of 22,000 tonnes per day. The resultant mining total would thus rise to an annual rate of about 13.5m tonnes, compared with 5.47m tonnes in phase one.

Phase three would commence after the exhaustion of the gold ore in about 1989, when mining of copper ore would rise to 45,000 tonnes per day, or 16.4m tonnes per year. Overall, the mining life of Ok Tedi is expected to be some 25 to 30 years.

Meanwhile, moves for initial project financing are understood to be underway. It is reported that the Citicorp International group's Asia Pacific Capital of Hong Kong is to arrange a A\$100m loan.

Details of the major financial package are awaited but Ok Tedi clearly aims to reap an early and substantial cash flow from its gold operations while hoping that by the time its copper production begins the prices for that metal will be a good deal higher than they are today. It seems a reasonable hope.

Morocco to open two new mines

TWO NEW mining companies have been set up to develop silver, lead and zinc deposits in Morocco. The Arab Mining Company (Armico), which is backed by 12 Arab governments, has a 40 per cent stake in each of the companies, with the remainder held by the Moroccan state mining agency, Bureau de Recherchez et de Participations Miniere.

The Banque Nationale de Developpement Economique, the Moroccan development bank, has lent a total of Dirhams 36m (£3.3m) towards the financing of the two new mines. These are a silver mine at Zgounder, near Quarzazate, and a silver-lead-zinc mine at Sidi Lahcen, near Oujda in eastern Morocco.

Mr. Moussa Saadi, Minister of Energy and Mines, said that the Dirham 51m Zgounder project will mine and process 56,000 tonnes of ore a year, to produce around 26 tonnes of silver in the form of 90 per cent concentrate.

The Dirham 52m Sidi Lahcen will produce an annual 84,000 tonnes of ore, containing 5.5 per cent lead, 0.8 per cent zinc and 110 grammes per tonne of silver. Total ore reserves are estimated at 1m tonnes.

In 1979, mining products accounted for 40 per cent of Morocco's exports by value. The major product was phosphate, although significant amounts of lead, copper, cobalt and iron were also produced.

More ore at Golden Grove

THE Golden Grove good grade copper prospect in Western Australia which excited a good *deal of interest in 1975* continues to engage the attentions of the joint venture partners, Esso Australia, EZ Industries and America's Amax, each with a stake of 31⅓ per cent, and Aztec Exploration with 6⅔ per cent.

The latest news is that ore reserves at the Gossan Hill deposit have been upgraded. Using a cut-off grade of 1 per cent copper the total indicated ore reserves are now put at 15.4m tonnes averaging a good 3.4 per cent copper, plus a low 0.14 grammes per tonne gold and 13 grammes silver.

In addition, inferred reserves are estimated at 3.3m tonnes grading 3.3 per cent copper, 0.11 grammes gold and 14 grammes silver. The initial estimate announced in 1975 was 13.5m tonnes of 3.59 per cent copper ore.

Drilling continues at the nearby Scuddles prospect with "encouraging results," but it is too early to determine likely ore reserves.

In August last year high value drilling results were announced which included one width (thickness) of as much as 27.4 metres assaying 2.4 per cent copper and, in a separate zone, 6 metres *grading 25.5 per cent* zinc.

Impala is cautious

SOUTH AFRICA'S Impala Platinum, part of the General Mining Union Corporation group, increased profits for the first half of the current financial year by 24 per cent to R63.58m (£36m).

Earnings per share came out at 110 cents against 89 cents, but the interim dividend is unchanged at 35 cents a share. In the year to June 30, 1980, the company paid a final dividend of 65 cents, to make a total of 100 cents from record full-year profits of R119.2m.

Mr. Ted Pavitt, Impala's chairman, warned that at the current producer platinum price profits in the second half are unlikely to equal those for the first six months. Results are likely to be adversely affected by increased costs, a somewhat lower volume of sales and the present weakness in the prices of many of the metals which Impala produces as co-products of its platinum, he said.

Capital expenditure during the first half amounted to R22.78m. Impala plans to cut its spending this year to R42m from last year's R52.41m, and platinum output is expected to reach 975,000 ounces against 870,000 ounces in 1979-80.

The current producer price for platinum is \$475 per ounce. The free market price was recently standing at a discount of around \$40 to that, leading to fears that the producer price might have to be cut, but a *renewed* firmness in the free market has removed the discount. Platinum stood at \$476 an ounce on the free market yesterday.

Impala shares were 7p up at 332p in London following the figures.

ISRAELI COPPER MINES REOPEN

The Israeli copper mines at Timna, near Eilat, are now back in production. They were closed down six years ago when world copper prices plummeted.

Last week an initial shipment of 600 tonnes of cement copper was loaded for Spain. Cement copper is produced in the form of a precipitate.

The mines do not intend to resume output at the former rate of 10,000 to 12,000 tonnes a year, but to produce some cement copper plus various copper based acids which have a higher added value.

It is pointed out that although copper prices are none too buoyant, the mines' transport costs should be lower now that the Suez Canal is open to traffic out of the Israeli Red Sea port of Eilat, thus eliminat*ing lengthy trucking to Israel's* Mediterranean ports.

OIL AND GAS NEWS

Shell strikes oil off coast of Argentina

A GROUP of Royal Dutch/Shell subsidiaries has found in what has a good chance of being Argentina's first commercial off-shore structure at the entrance to the Straits of Magellan, according to Mr. Daniel Brunella, the Argentine Energy Secretary.

Mr. Brunella said the well tested about 5,000 barrels of oil daily and that several other test wells will be drilled to determine the extent of the structure. The group has drilled two other wells in Argentine waters, one of which showed traces of hydrocarbons.

* * *

Testing of the Woodada No. 3 well drilled in the Parth Basin of Western Australia has been temporarily suspended. Woodada 3, in which Strata Oil has a 26.95 per cent interest and Hughes and Hughes of Texas 65 per cent, has been beset by technical problems.

In the latest weekly progress report Strata says the well bore was displaced with diesel fuel and opened to flow. On test the well very strongly flowed back the diesel together with gas and small amounts of waxy oil.

However, because the well *would not maintain flow—for reasons* the company does not yet understand—no flow rates could be measured. The testing programme will be resumed when analysis of the technical problems has been completed.

High gas readings and traces of oil were recorded during drilling of the well which reached target depth of 2,540 metres. The two previous Woodada wells both flowed gas at rates in excess of 30m cubic feet a day.

A fourth Woodada well has now been commenced. Located *6.5 km south of the original* Woodada gas discovery Woodada 4 is currently at 152 metres and preparing to run surface casing.

The suspension of testing at Woodada caused a sharp setback in shares of Strata Oil yesterday. In Sydney Strata dropped 35 cents to A\$4 while in London they fell 36p to 178p.

The UK-registered Hampton Trust is involved in negotiations to purchase a 3.5 per cent interest in EP-100, the area containing the Woodada gas field, while Australia's Mineorp has 1 per cent. The remaining 3.55 per cent is held by a number of *individuals and companies.*

Winding up orders made against 66 companies

Compulsory winding up orders against 66 companies were made by Mr. Justice Nourse in the High Court. They were:

Dillcourt, Variety Markets, J. R. Rumble Motor Company, Manlon Fabrics, Cape and Camel Carriers Company, and Frank Rostron (Shirtmakers).

C. Hopkins (Plant), W. S. W. Woodguard and Company, Wasp Hire, Woodrim Cars, Woodrim Cars (Stourbridge), and Vacbourne.

Stargale, Micro Information Systems, Yeltashaw, Leeds Wholesale Vehicle Trading Company, Norman Dykes Motor Cycles, and Preece and Jones Transport.

Lusby-Lister (Dancing), The Silver Teapot Caterers, Hanley and City Centre Radio Cars (1976), Delve Automatics, Alexander Pehre Investments, and Danglade.

Michael Reproductions, ICF (International Camping France), *Duncan McCallum (Interiors)*, R. A. Ashford and Son, Mintwand, and Ardua Exhibitions.

Thistleman, Cordstock, I.M.P. Fabrication Services, Mousells (Liverpool), Rotterdam Refinery Services and Wilbarston Properties and Building Company.

Aphrodite Cyprus Wines, Bluestone Electronics, Pear Management, Consumer and Industrial Electronic Rentals, Alpha Restoration Company, Bishops Stortford Transport, and Wardvane.

Quadec Interiors, Tynemouth Industrial Heating, Cantrell and Son (Tarmacadam), Raywood Properties, and Eltcroft.

Western Fish Products, Constanz Jewellery Company, Abbotsbourne Building and Developments, W. J. Croke (Roofing), and Sasson Jeans.

Trade Business Forms, Mintspire, Pendlemead, Magnagrade, Hubbard and Barrett, Hartalmoss, Singh and Kaur, Aviation Electrical and Radio Company, and Thames Management (Associates).

G.F.P. Units, Debra Marks, Kelmor Fabrications, and Palmbolt.

A compulsory winding up order made on February 9 against Pierrot Publishing was rescinded and the petition dismissed by consent, after the petitioner agreed that the company should continue in voluntary liquidation.

Compulsory orders made on January 26 against Nottsbridge and Burns Autos were rescinded and the petitions dismissed by consent.

EUROPEAN OPTIONS EXCHANGE

Series		April Vol.	April Last	July Vol.	July Last	Oct. Vol.	Oct. Last	Stock
ABN C	F.260	5	32B	—	—	—	—	F.290
ABN C	F.280	13	17	1	17	—	—	"
ABN C	F.300	38	4.50	8	6	—	—	"
ABN C	F.320	10	1	—	—	—	—	"
AKZO C	F.17.50	2	1.30B	—	—	—	—	F17.80
AKZO C	F.20	4	0.50	15	1	—	—	"
AKZO C	F.22.50	20	0.20	—	—	—	—	"
AKZO P	F.20	—	—	—	—	15	2.60	"
AMRO C	F.60	3	1.20	—	—	—	—	F.56.10
HEIN C	F.50	14	9.70	—	—	—	—	F.60
HEIN C	F.55	4	5.60	—	—	5	6.90	"
HEIN C	F.60	8	2.50	1	3.90	2	4.90	"
HEIN C	F.65	8	0.80	—	—	—	—	"
HEIN P	F.55	34	1	—	—	—	—	"
HEIN P	F.60	5	2.20	—	—	—	—	"
HEIN P	F.65	5	6.20	—	—	—	—	"
HOOG C	F.15	—	—	2	3.30	10	3.90	F.17.80
HOOG C	F.17.50	—	—	2	1.40	—	—	"
IBM C	\$60	10	4¾	—	—	—	—	\$61⅞
IBM C	\$65	—	—	7	4	—	—	"
IBM C	\$70	15	⅞	—	—	—	—	"
IBM P	\$60	1	1⅝	2	2¼	—	—	"
IBM P	\$65	—	—	2	4½	—	—	"
KLM C	F.60	16	15 B	10	15	—	—	F.74.80
KLM C	F.65	45	11	3	11 B	—	—	"
KLM C	F.70	222	7.40	145	8.70 B	2	9	"
KLM P	F.55	12	0.10	—	—	—	—	"
KLM P	F.60	10	0.30 A	70	1	—	—	"
KLM P	F.65	51	0.90	—	—	—	—	"
KLM P	F.70	64	2.80	37	4 A	—	—	"
NATN C	F.120	2	7.80 A	—	—	—	—	F.126
NATN C	F.125	3	4	—	—	2	7	"
NATN P	F.120	—	—	1	1.20	—	—	"
NATN P	F.125	2	1.50	12	3	—	—	"
PETR C	Fr.5000	5	140	—	—	—	—	Fr.5050
PHIL C	F.15	130	3.90B	10	4.20A	44	4.30	F.18.80
PHIL C	F.17.50	280	1.80	148	2.30	236	2.70	"
PHIL C	F.20	146	0.60	391	0.90	438	1.40B	"
PHIL P	F.17.50	—	—	13	0.60	15	0.70	"
PHIL P	F.20	4	1.50B	12	2.30	5	2.40	"
OLIE C	F.180	6	26B	—	—	—	—	F.202.80
OLIE C	F.190	—	—	2	21	—	—	"
OLIE C	F.200	170	10	21	14B	10	17	"
OLIE C	F.220	163	2.80	39	5.50B	—	—	"
OLIE C	F.240	26	0.50A	45	2.10	—	—	"
OLIE P	F.180	5	0.70A	—	—	—	—	"
OLIE P	F.190	195	2.30	9	5	—	—	"
OLIE P	F.200	82	5.20	10	10	—	—	"
OLIE P	F.220	38	19.30	—	—	—	—	"
OLIE P	F.240	5	39	—	—	—	—	"
UNIL C	F.120	20	10.50	—	—	—	—	F.130.20
UNIL C	F.125	—	—	—	—	1	10.50A	"
UNIL C	F.130	26	4.20	1	7.20	—	—	"
UNIL C	F.135	10	1.90A	—	—	—	—	"
EXON C	\$80	—	—	10	2½	—	—	\$71⅛
XERO C	\$60	—	—	—	—	2	5	\$56⅛
		Feb.		May		Aug.		
BOEI C	\$35	5	⅞	4	3½	—	—	\$35⅝
BOEI C	\$40	—	—	—	—	5	2⅞	"
BOEI C	\$45	—	—	10	⅝	1	1⅝	"
BOEI P	\$35	1	½	5	1⅞	—	—	"
MANN C	DM.130	—	—	5	1.80	—	—	DM122.10
SLUM C	\$110	—	—	—	—	1	9¾	\$102⅞
VEBA C	DM.130	—	—	—	—	4	2.80	DM123
VW C	DM.150	—	—	—	—	2	2.50	DM145

TOTAL VOLUME IN CONTRACTS 3792

A=Asked B=Bid C=Call P=Put

Tiny spells it out for Fraser employees

By John Moore

MR. TINY ROWLAND, chief executive of Lonrho, the international trading conglomerate which is making a 150p per share cash bid for House of Fraser, is writing to Fraser employees telling them that Lonrho does not "have any history of breaking up businesses to sell the assets. That is something we have been vigorously opposing."

The latest battle in the war of words between House of Fraser, which is fighting the bid, and Lonrho has taken an unusual twist.

Lonrho is approaching employees directly to explain its objectives to them. "You will be concerned to know the outcome of Lonrho's cash bid for control," says Mr. Rowland.

Lonrho has been a public company for over 70 years, explains Lonrho's chief executive. "We *do not* have any history of breaking up businesses to sell the assets.

"We have invested £75m in the House of Fraser and we are now offering a further £158m in cash for the outstanding shares. If we are successful, we would aim at expansion and at making the House of Fraser group outstanding. We believe we can help you do that."

Lonrho's resources "make it unnecessary to sell assets during the recession, sales which we regard as calamitous. We do already own and operate several major United Kingdom businesses, and we encourage independent management and good labour relations.

"We assure you that we would not allow any downgrading of the House of Fraser, and in particular the world's one and only best store will stay just that," he said, referring to Harrods, part of the House of Fraser group.

"You can expect the outcome of the bid during March. Those directors who oppose it say the offer should be higher, and they are about to publish a new valuation of the properties

"The valuation in itself cannot put a penny into the pockets of staff, management or shareholders, unless there is real intention of making extensive sales of the assets of the House of Fraser, and a market for those assets at the figures given by the valuers."

He adds that the future of House of Fraser employees "will be safer and wider in co-operation with us" and that Lonrho looks forward "to a happy relationship with you all. *If you have any question which* you would like me to answer, do please write to me at Cheapside House," Lonrho's head office.

L & G Assurance funds approaching £2bn

TOTAL funds under management of Legal and General Assurance (Pensions Management) advanced by £427m during 1980 to £1.7bn by the end of the year. And Mr. Keith Hall, manager of the company, forecast yesterday that funds would reach £2bn during this year. The number of clients of the funds increased by 36 during 1980 to 536.

The company, a member of the Legal and General Group, offers investment management to pension schemes through the mediums of unitised funds. The company *has six funds under* management — a mixed fund of equities and fixed interest, a property fund, an ordinary share fund, a fixed-interest fund, an international fund and a composite fund. The company started operations in June, 1971.

The company received £343m new money for investment during 1980, of which £129m represented pension contributions from clients and £114m was investment income. The remaining growth came from capital appreciation of the underlying funds.

The largest fund under management remains the Mixed Fund of equities and fixed-interest which increased in value from £630m to £765m with a 26.3 per cent rise in unit price. The portfolio at the end of 1980 was spread 49.7 per cent UK equities, 9.7 per cent overseas equities and 39.9 per cent fixed-interest.

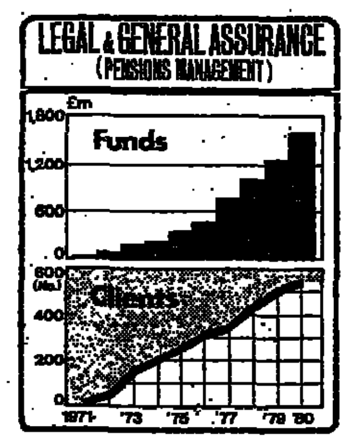
The fund's activity in overseas *markets increased significantly*, with £13m used to repay foreign currency borrowings and £19m invested direct, of which nearly £10m was invested in the U.S. and £2.5m in Japan.

The value of the Property Fund, the second *largest* fund under management, rose from £557m to £725m, of which £711m was in *property* holdings, the unit price jumping by £23.2 per cent. New investment amounted to £47m of which £24m was put into developments. A further £7m was used in acquiring four *new freehold shop investments*, while another £7m was used to acquire 6,500 acres of agricultural land.

The overseas content of the property portfolio was increased from 1.6 per cent to 2.7 per cent, including an office development in Houston, Texas.

The Ordinary Share Fund recorded a 32.2 per cent rise in unit price, standing at £75m at the end of the year, while the Fixed-Interest Fund stood at £101m with a 21.7 per cent rise in unit price. The International Fund was started in October, 1980 with the transfer of £7m of overseas securities from the Ordinary Share Fund. It received £4m of new money to reach £11m. *The unit price rose* by 2.1 per cent over the three months.

The Composite Fund grew by



£11m to £23m, with the unit price rising by 28 per cent. The Equity Content of the fund was increased substantially, UK *equities rising from* 23.7 per cent to 32.9 per cent and overseas equities from 2.2 per cent to 5.6 per cent. The proportions held in fixed interest and property were reduced.

Mr. Hall warned smaller pension schemes to be wary of the "segregation" message—that is doing their own investment and holding their own separate portfolios. Schemes could not get the necessary spread of investment except in penny packets.

He pointed out that managed funds offered the necessary spread without incurring heavy costs.

L and G Pensions offered trustees three options for their investment. The first was to use the mixed and property funds, with trustees varying the proportion of property. The second was to use the fixed-interest, ordinary share, international and property funds which trustees could blend to their own requirements. *The third, for smaller* schemes, was the composite fund with its own mix of investments.

Low & Bonar makes A$2m acquisition

The Low & Bonar Group, of Dundee, has taken a near 15 per cent holding in Electrical Equipment, a quoted Australian company, *in an A$2.026m* (£1m) deal.

Electrical Equipment manufactures electric motors, telephone and telecommunication equipment, electrical equipment and power equipment relating to switchgear and it merchandises test instruments and systems. The last published accounts of the company for the year ending June 30, 1980, reported sales of A$34.8m, pre-tax profits of A$2.6m and shareholders' funds of A$14.7m.

Low & Bonar operates in engineering, packaging, textiles and travel and has an Australian subsidiary, Low & Bonar Stanger, which manufactures power control equipment.

RIT makes Godfrey Davis share deals

RIT, formerly Rothschild Investment Trust, has disposed of 4.24m shares (28.05 per cent) in Godfrey Davis. Hume Investment Trust, part of RIT, has acquired 4.38m shares (28.94 per *cent) in Godfrey Davis. The* move was described yesterday by RIT as one which would help balance its portfolios.

BIDS AND DEALS

PMA selling subsidiary and property lease for £4.82m

PMA Holdings, the furniture group, will receive £4.82m from the sale of one of its subsidiaries and the lease on a property, and intends to issue more capital to cut its borrowings further.

The group is selling Ladyship International and its operating subsidiary, Gower Furniture, along with a freehold property in Halifax occupied by the latter for £2.85m cash.

By end-February, PMA hopes to announce its results for the year to March, 1980 and the subsequent six months.

The buyer is a specially formed company called Maxivend—later to be called Gower Holdings—in which a group of investment institutions organised by Candover Investments will be main shareholders. The management will end up with a large minority stake.

Gower is a leading maker of flat-packed fitted furniture for the kitchen and bedroom. In the eight months to March 31 last, Ladyship and Gower earned pre-tax profits of £879,000. The purchase price is around book net assets level.

Under separate arrangements with an unnamed institution, agreements have been entered into for the sale by *PMA* of a 999-year lease of Gower's main property in Halifax for £1.97m.

Gower will take an underlease of the property for 34 years at an initial annual rent of £250,000, subject to review every five years.

PMA will use the total cash received to cut its borrowings. Its group borrowings will also be reduced by around £800,000, representing the indebtedness of the companies leaving the group.

Apart from Candover, the investing institutions will be Electra Investment Trust, British Rail Pension Fund, Gresham Trust, ICFC, Lazards Investments, and *Prudential Assurance*. Keyser Ullmann is also providing a medium-term loan.

T & N talks in Zimbabwe

Turner and Newall's manufacturing subsidiary in Zimbabwe, Turner Holdings (Private), is having merger talks with Mashonaland Holdings, an industrial company listed on the Zimbabwe Stock Exchange.

Turner Holdings is not as large as the group's mining interests in Zimbabwe, although it makes profits of several million *pounds* sterling a year. Its products include asbestos cement materials and pipes, steel tubes and pipes, and brake linings. Mashonaland Holdings is said to be Zimbabwe's largest brick manufacturer, and is also involved in distributing motor components and transport.

Turner and Newall said yesterday that the basis for any merger had yet to be agreed. There was no question of the group trying to reduce its interests in the country.

This would imply a reverse takeover with Mashonaland issuing a further 7.5m shares to give Turner a controlling stake in the equity. Mashonaland's shares are currently listed at 150 cents each (£1) and the investment could therefore involve a £7.5m transaction.

Mashonaland has forecast after tax profits in the current year to March 31, 1981 of more than $Z1.75m (about £1.2m).

If the reverse takeover does take place it will give Turner Newall Group a Zimbabwe Stock Exchange listing making the company *the second major UK* industrial group (Dunlop was the first) to go public in Zimbabwe since independence last year.

BPC outlines its 'plan for survival'

Lord Kearton, who will be appointed non-executive chairman of BPC as part of the proposed restructuring of the printing group, warned yesterday that the "survival plan" would require a 'major effort of co-operation on all sides and some surgery." Employing over 10,000 people in over 60 subsidiaries, BPC's position was described as "absolutely desperate."

If approved by a meeting of shareholders, the restructuring would result in BPC becoming a publicly quoted subsidiary of Pergamon Press, the privately-owned scientific publishing company run by Mr. Robert Maxwell. Conditional agreement has been reached with BPC's principal banker, National Westminster Bank, for Pergamon to subscribe for £10m of new equity capital in BPC as part of a financial package.

Under the terms of the conditional agreement, Mr. Maxwell will be appointed deputy chairman and chief executive of BPC while the group's current chairman, Mr. Peter Robinson, will become managing director with special responsibility for the printing and packaging divisions.

National Westminster, having received the report on the affairs of BPC prepared by Coopers and Lybrand last week, has agreed to continue its support for the printing group whilst the necessary consents and approvals of loan stock and debenture holders and those of the trades unions involved are being obtained. Detailed proposals will be put to stockholders as soon as possible, but the necessary agreements from *all* parties are not expected to be obtained for a considerable time.

BPC is one of the largest, if not the largest, printing groups in Europe. With Reed International's Odhams subsidiary and News International's Eric Bemrose print works in Liverpool, BPC controls the UK market for long-run colour printing by the gravure process. It prints the Sunday Times colour magazine, said to be worth some £6m annually, and will take over the £15m per year TV Times contract in July from Eric Bemrose. The Sunday Times, like Eric Bemrose, is controlled by News International.

The group also has extensive *interests in business form printing*, City printing (offers for sale, annual reports, etc.), paper products (such as envelopes and note pads), book production and book publication, principally through the Caxton, Futura and *Macdonald publishing* companies.

CAPARO'S 38% STAKE IN CMT

Caparo Group acquired on February 16 800,000 ordinary shares in CMT at 54p. Caparo's holding now totals 9,998,302 shares (37.9 per cent).

MASON & BURNS REVEALS LOSSES

Mason and Burns, the castings company which AI Industrial Products proposes to sell to its management, had trading losses of £135,446 on sales of £2m in the year to December.

The losses are revealed in documents sent to shareholders who must approve the divestment. The price to be paid depends on future profits and sales, but could be as high as £1.1m over a period of five years or so, or as little as £550,000.

The proceeds would be used to reduce AI's borrowings.

Mason and Burns is to be sold to Mr. A. A. Mason and Mr. L. D. Mason, both directors of AI. They have obtained backing from Industrial and Commercial Finance Corporation which is to take up a 24.8 per cent stake in the new company.

KIO INCREASES SHARE STAKES

The Kuwait Investment Office has acquired a further 25,000 of ordinary stock in the Bank of Scotland, *bringing its stake up to* 2.53m (7.81 per cent).

It has also increased its holding in Stock Conversion and Investment Trust to 4.08m shares (7.78 per cent) by a purchase of 29,000 shares, and added to its interest in General Accident Fire and Life Assurance Corporation by acquiring a further 50,000 shares, which takes its stake up to 14.87m (9.04 per cent).

CO-OP BANK

The recommended offer by the Co-op Bank for F.C. Finance has been accepted in respect of 1,001,319 shares (76.89 per cent). The bank, which owned 5,697,798 FCF shares at the time of the offer *has not acquired any since*. The offer has been extended until February 27.

Genting confirms sale of H & C stake for £17.9m

Genting Berhad, the Malaysian casino and hotel group, has confirmed *that it has raised £17.9m* from the sale of its 4 per cent stake in Harrison & Crosfield to the Malaysian Government-owned National Equity Corporation.

The sale formed about half the 8 per cent holding in H & C bought last week by the NEC. The remaining shares were held by Kien Huat Realty Corporation, a property company with links with Genting.

*Mr. Thomas Prentice, chair*man of Harrison, said yesterday, that he did not know why the Malysian Equity Corporation wanted a stake in Harrison. "Perhaps they think we are a good *investment*," he said.

The Malaysian Government has set a target for 1990 by when it wants to see 30 per cent of the country's plantation assets in the hands of local Malays but *this is not thought to apply to* parent companies such as Harrison & Crosfield which also has other and international trading interests.

The plan does affect H & C, however, so far as its holdings *in plantation subsidiaries go. In* particular, it has 80.8 per cent of Harrisons Malaysian Estates. Mr. Prentice said H & C was currently discussing how, when and at what price is would meet the Government's proposals to *divest itself of 30* per cent of that holding.

Meanwhile, Harrison's offer *document for* its £30m *bid for* the outstanding 53 per cent of London Sumatra is expected in *the next day or so. Shareholders* owning 20 per cent of Sumatra have already indicated their intention to accept.

Charterhouse compromise proposal to Throgmorton

BY ALAN FRIEDMAN

NEW LIGHT was shed yesterday on the negotiations between the Charterhouse Group and Throgmorton Trust designed to resolve the problem of a potential conflict of interest which Throgmorton alleges will occur as a result of Charterhouse's £43m takeover of Keyser Ullmann. Keyser manages Throgmorton's investments.

Mr. Geoffrey Rowett, chief executive of Charterhouse, said compromise proposal was put to Throgmorton in writing on January 19, but as of yesterday there had still been no response.

Throgmorton's petition against the Parliamentary Bill went into the House of Commons and we have had no reaction to our proposal," he said.

It is thought that Charterhouse's proposal concerned the creation of a new and separate management company with no responsibility other than the managing of Throgmorton's investments.

Mr. Rowett claimed that Charterhouse had "found it difficult to make contact with Throgmorton" for the past four days. He said he believed satisfaction between the parties could be obtained "in a couple of hours" given goodwill on both sides.

He also voiced his fear that if the petition against enabling legislation for the Charterhouse-Keyser merger was not soon withdrawn then it would not be possible to adhere to the original timetable for the integration of the bank businesses.

Mr. Rowett added that the Throgmorton petition had "crystallised" the problems which Throgmorton believes to exist. "Conflicts of interest are always *liable* to occur in merchant banking," he *said*.

He cited as an example the fact that Charterhouse Japhet is currently advising a firm which is "in absolute competition" with one of the group's industrial subsidiaries. "That doesn't worry us," he said.

UNITED BISCUITS IN U.S. PURCHASE

Specialty Brands, Inc., a subsidiary of United Biscuits, has reached agreement to acquire Aunt Millie's Sauces Inc., a privately held company which manufactures Aunt Millie's Spaghetti Sauce and Kosciusko Mustard. Terms of the purchase were not disclosed.

The turnover in 1980 of Aunt Millie's was $12.3m and pre-tax profits $2.4m. Net tangible assets at December 31, 1980, were $1.6m.

Specialty Brands, based in San Francisco, manufactures Spice Islands spices and Marie's salad dressings.

SHARE STAKES

Rowe and Pitman on Friday *bought for the Trustee Savings* Bank's central board 4,000,000 United Dominions Trust shares at 57p.

Lee Cooper Group—Mrs. D. Cooper on Friday disposed of 1,000,000 shares.

J. Hepworth and Son—British Land disposed of 100,000 Ordinary shares. This brings its total holding to 2,280,000 ordinary shares.

Crescent Japan Investment Trust—Legal and General Assurance Society have disposed of 110,000 shares reducing interest from 5.94 per cent to 4.30 per cent.

Heal and Son Holdings—Colonial Mutual Life Assurance Society and subsidiary—Colonial *Mutual Life (pension annuities)* —hold 7,225 shares (over 5 per cent).

CONTRACTS AND TENDERS

Botswana Telecommunications Corporation

Tender Notice No. 1/81

The Botswana Telecommunications Corporation hereby gives notice of Tender No. 1/81 for consultancy services pertaining to the telecommunications works which will be executed during the period 1982 to 1984. Such works will include the provision of trunk microwave systems and new telephone exchanges with corresponding telephone cable networks throughout Botswana.

All those with extensive experience in the field on an international level and interested in participating in this tender should obtain, before 7th March 1981, a copy of the invitation to tender from the office of the Chief Executive, Botswana Telecommunications Corporation, P.O. Box 700, Gaborone, Botswana against payment of Pula 100.00 which is not refundable. This may be arranged by post or by visit to the Corporation's offices in the Standard House Building in Gaborone. Late applications will be accepted.

COMPANY NOTICES

COMPANHIA METALURGICA BARBARA

BEARER DEPOSITARY RECEIPTS "BDRs" ISSUED BY EUROPEAN OVERSEAS ISSUING CORPORATION S.A.
DIVIDEND COUPON NO. 3

Coupon No. 3 will be payable from February 18th 1981 onwards at Banque Internationale a Luxembourg, 2 Boulevard Royal, Luxembourg, at the rate of US$0.60682 per 15 Depositary Shares (less any additional withholding tax that may be deductible).

This amount represents the dividend of Cr.$0.04 per share, less Brazilian withholding tax and the Depositary's commission.

BDR holders are reminded that following a Capital Re-organisation in 1980, each BDR now corresponds to 15 Depositary Shares (instead of 10).
18th February, 1981.

JARDINE SECURITIES LIMITED

NET ASSET VALUE

Jardine Securities Limited announce that as at 31st January, 1981 the unaudited net asset value of the Company's shares, based on the market value of its investments, was HK $26.45 per share.
Hong Kong.
18th February, 1981.

PUBLIC NOTICES

STRATHCLYDE REGIONAL COUNCIL

VARIABLE RATE REDEEMABLE STOCK 1983

For the six months from 18th February, 1981, to 18th August, 1981, the interest rate on the above stock will be 13.6875% per annum.

BANK OF SCOTLAND
55 Old Broad Street
London EC2P 2HL

GLASGOW DISTRICT COUNCIL

Bills issued 18.2.81 £3.25m at 12¹⁄₁₆% maturing 20.5.81. Applications £31.5m. Bills outstanding £13.25m.

LEGAL NOTICE

1981 M.P. No. 181
IN THE SUPREME COURT OF HONG KONG
HIGH COURT
MISCELLANEOUS PROCEEDINGS
IN THE MATTER OF
ASIA LANDS PROPERTIES LIMITED
AND IN THE MATTER OF
THE COMPANIES ORDINANCE
(CHAPTER 32)

NOTICE IS HEREBY GIVEN that a Petition was on 4th February 1981 presented to the Supreme Court of Hong Kong for the confirmation of the reduction of the capital of the above-named Company from HK$100,000,000.00 to HK$15,000,000.00 on the grounds that capital of the Company has been lost or is unrepresented by available assets.

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before the Honourable Mr. Justice Bewley at the Victoria District Court Building, No. 2, Pokfulam Road, Hong Kong at 9.30 a.m. on Tuesday, the 10th day of March, 1981.

ANY Creditor or Shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said reduction of capital should appear at the time of hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any such person requiring the same by the undermentioned Solicitors on payment of the regulated charge for the same.

Dated this 10th day of February, 1981.
DEACONS,
8th Floor, Ocean Centre,
No. 5 Canton Road,
Kowloon,
Hong Kong.
Solicitors for the above-named Company (OKTL/BK).

INTERNATIONAL COMPANIES and FINANCE

DART AND KRAFT IS WHITE KNIGHT

Hobart agrees to $460m counterbid

BY PAUL BETTS IN NEW YORK

HOBART CORPORATION, the U.S. home appliances and commercial food processing equipment maker currently fighting a hostile takeover bid by Canadian Pacific Enterprises, yesterday agreed to be acquired for $460m by Dart and Kraft, the processed food to Tupperware group.

The two companies said yesterday they had reached agreement to merge Hobart with Dart and Kraft. Dart and Kraft will offer $40 a share for all of Hobart's common stock.

Mr. John Richman, chairman of Dart and Kraft, said funds for the $460m tender offer would be available from bank credits of about $500m and from excess cash.

The bid by Canadian Pacific Enterprises, 75 per cent owned by Canadian Pacific, was at $32.50 a share for a total of $380m.

Canadian Pacific Enterprise's bid was made through a U.S. subsidiary of the same name. The U.S. offshoot said yesterday its offer expired on Saturday unless extended. The company also said its offer was conditional, among other things, on it winning tenders for at least 5.9m Hobart shares, or about 52 per cent of the capital.

In the past few weeks, Hobart has sought political support in the U.S. to block the takeover bid by Canadian Pacific Enterprises. Indeed, the takeover bid has become the subject of a U.S. Senate Judiciary Committee inquiry. Senate Judiciary Committee members indicated they were concerned over several aspects of the Canadian Pacific takeover.

U.S. legislators for some time have expressed worries over the potential implications of unfriendly takeover bids by foreign companies for U.S. concerns.

Hobart is widely regarded in the U.S. as a well managed and flourishing company, although currently undervalued in the stock market. The company, based in Troy, Ohio, has traditionally tended to keep a low profile. It is a leading manufacturer of commercial food equipment and produces the Kitchen Aid line of home appliances. In the first nine months of last year, it reported net income of $21.1m on sales of $482.3m.

Mesa doubles earnings in final quarter

By Our Financial Staff

MESA PETROLEUM, the oil and gas exploration and production group, more than doubled final quarter net operating profits, leaving annual profits well ahead from $54m to $95.2m.

Final quarter sales declined from $93.4m to $86.7m while profits increased from $16.4m to $34m. The result includes a $3.9m gain from an accounting change, and earnings per share came out at 98 cents against 50 cents.

For the year sales were up from $282.9m to $372.4m and net operating earnings per share came out at $2.75 against $1.68.

The 1979 final quarter results exclude a $209m gain from the sale of North Sea and Canadian oil and gas properties. For the year the gain was $231.4m.

During the year Mesa built up *its proved reserves of oil*, condensate, and natural gas liquids by 7 per cent to $25.1m barrels and natural gas reserves by 6 per cent to 857bn cu ft. Net daily output fell in the year from 11,700 barrels of oil, condensate and liquids to *10,300* barrels and 290m cu ft of natural gas from 307m cu ft. This was the result of the distribution of a significant porton of the group's reserves to the Mesa Royalty Trust in November, 1979.

Mesa expects capital spending, excluding purchases of offshore leases, to be about $400m this year. In 1979 the company outlayed $420m, including more than $100m for lease acquisitions.

Offer for U.S. Nikon distributor

BY IAN HARGREAVES IN NEW YORK

NIPPON KOGAKU, which manufactures Nikon cameras, has moved to strengthen its U.S. distribution capability by bidding $16.8m for complete ownership of Ehrenreich Photo-Optical, a camera distribution company based on Long Island, New York.

Nippon already owns 40 per cent of Ehrenreich and is offering $14 per share for the remaining 60 per cent.

Financial advisers for both Ehrenreich and Nippon Kogaku have stated that the proposed merger price is fair. Ehrenreich shares, traded on the American Stock Exchange, have fluctuated between a little more than $7 and $14 in the last year.

Last October, Nippon bid $13 per share for the 1.2m shares of Ehrenreich it now owns.

Mr. Herbert Sax, president of Ehrenreich, said the two companies had had ties since Nippon Kogaku's foundation in 1953.

He said the move to 100 per cent ownership by Nippon was "very important from a marketing point of view. All our competition is directly owned by the manufacturer."

Ehrenreich has annual sales of about $150m but in its last financial year incurred a $8m loss, mainly because of exchange rate problems, according to Mr. Sax.

Mr. Sax said that Nikon was currently improving its share of the single lens reflex camera market in the U.S., but he would not give figures.

Ehrenreich also distributes some metallurgical optical equipment produced by other Japanese companies, which is expected to continue.

Orion increases capital base as income falls

BY MICHAEL LAFFERTY

ORION BANK, one of the largest of the Eurocurrency consortium banks, suffered a substantial decline in pre-tax profits in 1980. The bank revealed yesterday that 1980 profits would "exceed £7m" ($15.8m) compared with a figure of £8.5m for 1979. At the same time, Mr. T. Jefferson Cunningham, *the chief executive*, said that profits in 1981 would not be much different from 1980.

This is the second year in succession that Orion has reported lower profits. In 1978, pre-tax profits amounted to £10.1m ($22.7m).

Mr. Cunningham said yesterday that he was satisfied with the results to date. "It reflects our policy of concentrating on the higher end of the market, where spreads are poor." He added that he "was always frightened of people who earn a lot of money in the banking business. Profits and risks can sometimes be directly correlated."

Yesterday's statement reveals that Orion's "footings" are little changed at the end of 1980, though the balance sheet grew by 12 per cent in dollar terms. *Results have also been affected* by a major internal computerisation scheme, the costs of which are charged against income as incurred.

Orion is increasing its capital base, through an additional $32m in subordinated lending from its shareholder banks—Chase Manhattan, National Westminster, Mitsubishi, Royal Bank of Canada, Westdeutsche Landesbank, and Credito Italino. *Shareholders' funds now total* $185m, of which $50m is debt.

IBM enters compact copier market

By Our New York Staff

INTERNATIONAL BUSINESS Machines (IBM), the electronics and computer company, entered the compact plain paper copier market yesterday with the introduction of a low-cost table-top model known as 102.

The copier was developed by and will be manufactured by Minolta Camera Company of Japan. First customer shipments *are scheduled to begin* next month.

IBM said the copier would cost from $2.990 to $3,450 depending on the number of machines purchased. The new model is designed for small businesses as well as for larger concerns requiring additional small copier facilities.

To make the machine more attractive to customers, IBM said that for the first time it *would accept non IBM copiers* under its copier trade in plan.

Household Finance to buy metals company

By David Lascelles in New York

HOUSEHOLD FINANCE, the major U.S. consumer finance company, is to make a $335m takeover of Wallace Murray, a large New York-based metal fabricating company, in a deal which will extend its already broadly diversified interests.

Under the terms of the agreed merger announced yesterday, Household Finance will offer $50 per share in cash for about 45 per cent of Wallace Murray's outstanding equity, and will then exchange the remainder on a one-for-one basis for a new series of Household Finance convertible cumulative voting preferred stock with a liquidation value of $50 a share.

The major shareholder in Wallace Murray, Dyson-Kissner-Moran Corporation, which owns about 30 per cent, has already agreed to the deal.

Household Finance, which is based in Illinois, has revenues of $1bn a year. It has more than 2,000 lending offices around the country, but it also makes consumer goods, among them Thermos flasks.

The company's earnings were down last year, largely because of the squeeze from record high interest rates. But it is looking for a recovery in its major business areas this year.

Wallace Murray, which has sales of around $500m a year, also suffered an earnings decline last year because of the weakness of the economy. The company is in recession-sensitive businesses like car components and building materials, though it is cushioned by its involvement in the machine tool business where demand has held up well.

Resistance to Olympia bid for Abitibi

By Robert Gibbens in Montreal

THERE IS some doubt whether Olympia and York Investment, the Toronto-based real estate developer, will succeed in gaining effective control of Abitibi-Price, the world's largest newsprint producers, with its bid of C$28 per share.

Federal Commerce and *Navigation, the Montreal*-based shipping company, has acquired several key blocks of Abitibi shares, bringing its holding to about 21 per cent of the total equity. Federal Commerce says it has reached its objective and will not buy more "at this time."

West Fraser Timber of Vancouver, has owned 13 per cent of the Abitibi equity for some time. It is not known *whether is has been acquiring* more, but together these blocks would account for about 35 per cent of Abitibi, and are expected to be opposed to the present bid by Olympia and York.

There are also other holders of Abitibi shares who are likely to accept the advice from the Abitibi boardroom that the Olympia and York bid is inadequate and does not reflect the company's prospects.

Olympia and York, owned by the Reichmann family of Toronto, is seeking 6.75m shares of Abitibi and including its existing holding of *nearly 10 per cent, a success*-ful bid would bring it 40 per cent control of Abitibi.

Oil explorer seeks listing

By Alan Friedman

SHARES IN International Petroleum, a Geneva-directed Canadian oil exploration company, started trading yesterday in Vancouver amid hopes for a London listing under the Stock Exchange's newly-modified rules governing speculative oil and gas investments.

Mr. Adolf Lundin, the chairman of International Petroleum, said yesterday: "We want to become firmly established in London. We are interested in a more formal listing." The shares are now traded under Rule 163(1e), the provision for *foreign-quoted* companies.

International Petroleum has raised a total of around C$10.5m (US$8.8m) in private and public offerings during the past six months. Of this capital, C$8.1m was raised through a public offering of 2.5m shares at C$3.25 each and the rest was placed privately. Half of the publicly-raised money came from investors in London and on the Continent.

Petrofina Canada gain

By Our Financial Staff

PETROFINA CANADA—72 per cent owned by Petrofina of Belgium and subject to a C$120 a share bid from PetroCanada, the national energy group—has reported an increase in 1980 net profits from C$61.6m to C$98.7m (U.S.$81.9m).

The rise came on sales ahead from C$764m to C$887m and reflected increased crude oil and natural gas prices and improved profit margins on oil products.

Italy sticks to initial terms for $2bn earthquake loan

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

ITALY is holding fast to the terms agreed with Bankers Trust on its current $2bn earthquake reconstructed loan despite market resistance to the credit's fine margins and large amount.

This was made clear by the U.S. bank yesterday at a meeting in London of 34 international banks called to drum up support for the credit.

But Bankers Trust has offered to share out the $1m special fee it expected to receive for arranging the loan. It will be distributed net of expenses on a pro rata basis to all banks who agree to participate in the credit as lead managers.

This should increase their expected yield from the operation, a factor which might tempt more banks to join the credit.

At the moment something over half the amount has already been covered but it became clear last week that Bankers Trust was facing an uphill struggle in completing the deal.

Bank officials said yesterday they were now rather more *optimistic. More banks* expressed support for the credit at yesterday's meeting, although no firm new commitments were received.

A major point of discussion was the strategy for selling the loan in the retail market. Potential lead managers said they were worried by taking on such a large underwriting commitment without the clear prospect of being able to distribute a good portion of the loan to smaller institutions.

But they were told by Bankers Trust that the Italian authorities have guaranteed a clear market for the credit once syndication begins.

Bankers in Rome say that during that period no new mandates are expected to be awarded by Italian borrowers for amounts in excess of around $100m.

In addition, there now seems to be a *chance that Italy* will scale down its borrowing level once this loan is completed.

It expects to have a net need for new funds of some $5bn this year, of which $1.5bn is already accounted for. Taking together the $2bn proceeds from the current credit and the $1bn in finance that Italy expects to receive from the EEC, the subsequent need for new funds will be only $500m.

The earthquake reconstruction loan bears a split margin of ½-⅝ points over London interbank rates or ⅜-½ points over U.S. prime and runs for eight years.

Eurobonds helped by firm opening in New York

BY FRANCIS GHILÈS

FIXED INTEREST dollar bonds *recovered yesterday most of* the losses they had suffered on Monday and, in some instances, gained further ground. Prices moved up by nearly a full point as the dollar softened against the D-Mark and the Swiss franc.

Eurodollar interest rates eased a little in the day, the six-month rate shedding ¹⁄₁₆ per cent to finish the day at 18¼ per cent.

The improvement in prices followed a good start to the day in New York, but dealers describe the market as "very nervous" ahead of the speech President Reagan is due to make today. Much of the trading is professional, although swapping from Eurobonds into U.S. *Treasury and domestic* bonds continues.

A $250m seven-year foreign bond has been launched for Export Development Corporation of Canada in the New York *market by Salomon Brothers.* The coupon offered on this issue is expected to be between 14⅛-14¼ per cent.

In the D-Mark and Swiss franc sectors of the Eurobond markets, prices were much more stable yesterday. Most issues closed unchanged on the day. The DM 120m 10 per cent bond for ECSC which was launched on Monday, was well received, being quoted by most dealers at about par.

Turkey wants easier terms

TURKISH AUTHORITIES are to make a formal request to 240 international banks to ease the terms on $3.2bn of Turkey's commercial debt, writes David Tonge.

This followed discussions in London yesterday between a Turkish delegation, led by Mr. Yavuz Canevi, the new deputy governor of the central bank of Turkey, and a working group of seven major international banks.

Afterwards the Turks said that the two sides "have decided to implement" a restructuring plan, "as soon as possible."

The original agreements, signed in 1979, were for the rolling over of earlier short-term debts over seven years with a three-year grace period. The Turks want this extended to 12 years with a six-year grace period but the banks argue for 10 years with a five-year grace period.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Wednesday, March 11.

Closing prices on February 17

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amoco 13¾ 88	75	93	93½	+0⅛	−3⅛	14.86
CECA 11½ 88	100	87	87½	−0½	−3¾	14.42
CNE 12¾ 91	100	91¼	91¾	−0⅜	−2⅞	14.40
Citicorp O/S Fin. 10 86	300	82½	83	−0⅜	−3⅝	14.83
Citicorp O/S Fin. 12 87	200	87⅝	88⅛	0	−4⅝	14.92
Con. Illinois O/S 9¾ 86	150	81	81½	0	−3⅞	15.04
Denmark 11¾ 90	100	85⅝	86⅛	+0⅛	−2¼	14.59
Dupont Canada 13½ 91	65	94	94½	0	−2⅛	14.63
EEC 11 95 (May)	75	79	79½	−0⅛	−3⅞	14.50
EEC 11 95 (August)	70	78½	79	−1⅛	−3½	14.59
EIB 13¾ 90	100	95¼	95¾	−0⅛	−3⅜	14.63
Eksportfinans 9½ 87	75	81⅛	81⅝	0	−2⅛	14.06
Elec. de France 10 88	125	80	80½	+0½	−3⅞	14.50
Elec. de France 13 88	125	93⅝	94⅛	+0⅛	−3¾	14.44
Export Dv. Cpn. 12¾ 87	100	92¾	93¼	+0⅛	−2⅞	14.49
Export Dv. Cpn. 9½ 85	150	82¼	82¾	+0⅛	−2⅜	14.74
Fin. Exp. Credit 10½ 85	50	86⅜	86⅞	+0⅛	−1⅜	14.81
Finland, Rep. of 9½ 86	100	81½	82	+0⅛	−1⅛	14.85
Ford Credit O/S 14⅝ 83	150	95⅞	96⅜	−0⅛	+0⅛	16.38
Ford O/S Fin. 12⅜ 85	250	88	88½	−0½	−0½	16.64
Gaz de France 13½ 85	80	96⅜	96⅞	+0⅛	−2½	14.49
GMAC O/S Fin. 12 87	100	86¾	87¼	+0⅜	−3	15.20
GMAC O/S Fin. 12⅞ 88	100	90⅜	90⅞	+0⅛	−2⅞	15.14
Gen. Mtrs. O/S 11¾ 87	100	86½	87	−0⅜	−3½	14.98
GTE Fin. 13¾ 86 (WW)	50	97⅝	98⅛	+0⅛	−0⅞	14.36
Hudson's Bay 11½ 90	75	83	83½	0	−3⅞	14.90
IBM Canada 10½ 85	50	93½	94	−0⅛	−1⅛	12.39
IBM Wld. Trade 12½ 88	200	93¾	94¼	−0⅛	−2½	13.89
Newfoundland 13½ 90	60	93¾	94¼	+1⅛	−1⅛	14.74
Nova Scotia 10¾ 90	50	78⅝	79¼	+0½	−5⅞	15.05
OKB 10 85	60	85⅞	86⅜	+0⅛	−2⅝	14.41
Pemex 11½ 88	100	83⅛	83⅝	−1⅛	−1⅜	16.38
Quebec Hydro 11¼ 97	100	81	81½	0	−3¾	15.01
Queb. Hy. 13 91 (WW)	100	91	91½	0	−2⅞	14.72
Roylease 11¾ 85	50	90⅜	90⅞	−0⅛	−1⅞	14.24
SNCF 12¾ 85	50	93⅝	94⅛	−0⅛	−2⅛	14.35
Sven Handelsbk. 13¾ 88	45	95¼	95¾	+0½	−1⅛	14.81
Sweden 12⅜ 85	150	92¼	92¾	−0⅛	−2⅛	14.67
Swed. Ex. Credit 12 83	50	92¾	93¼	+0¼	−1⅜	15.34
Swed. Ex. Credit 13 86	75	93¾	94¼	+0⅛	−1⅛	14.78
Unilever NV 9¾ 90	100	77½	78	+0⅜	−3	14.14
World Bank 9¾ 85	200	85¾	86¼	+0¼	−1⅛	14.26
World Bank 10¼ 87	300	83	83½	−0⅛	−3½	14.42

Average price changes... On day 0 on week −2⅞

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 8¾ 90	100	87	87¾	−0¼	−3	10.50
Australia 8⅛ 90	250	88¾	89½	+0¾	−4⅛	10.01
Austria, Rep. of 8½ 92	150	†87½	88	−0¼	−1⅛	10.07
BFCE 8⅛ 95	100	†86¼	87¼	+0¼	−1⅛	9.92
CECA 7⅞ 92	150	†87	87¾	−0½	−1	9.73
CII-Honeywell 8¾ 90	125	†87½	88½	−0¼	−1¾	10.47
Denmark 8¼ 92	100	†88½	89½	0	−3½	9.94
EIB 8½ 90	200	90⅞	91⅝	+0⅛	−1	9.94
ESCOM 9¼ 87	100	95½	96¼	−0¼	−0½	10.11
Iberduero SA 9 90	100	†92½	93½	−0¼	−4	10.17
Ind. Bk. Finland 8½ 90	50	†89¼	90¼	0	−0¼	10.20
Japan Air Lines 8⅞ 87	100	90⅞	91⅝	−0⅛	−1	9.95
Japan Dev. Bank 7⅝ 87	100	87½	88¼	+0¼	−2¼	10.24
Kobe, City of 8 90	100	86⅞	87⅝	−0⅜	−2¼	10.16
Midland Int. Fin. 8½ 90	180	90¼	90⅞	−0⅜	−0⅜	10.07
Norway 7½ 85	250	91⅝	92¼	−0½	−1⅛	10.07
Nuclebras 9¾ 88	100	†88	89	0	−0¾	12.13
OKB 8¼ 92	150	†86¼	87¼	0	−1⅛	10.26
Oslo, City of 8¾ 90	80	95¾	96½	0	−1⅞	9.40
Venezuela, R. of 9¾ 90	150	93¼	94	−0⅜	−0⅞	10.83
World Bank 8 90	700	86⅞	87⅝	0	−1⅛	10.14
World Bank 10 86	150	101	101¾	+0⅛	−0¼	9.63
World Bank 10 90	200	101	101¾	+0¼	−0⅞	9.75

Average price changes .. On day 0 on week −1¼

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Austria, Rep. of 5⅜ 90	100	92¾	93	−1⅛	−2¼	6.39
Bayer Int. Fin. 5⅛ 92	100	89¾	90	−0¾	−5⅞	6.52
Bergen, City of 6 90	50	96¾	97	+0½	−3¾	6.45
Buhrm'n-Tetterode 7 90	40	102	102¼	−0⅞	−1⅛	6.68
Copenhagen Tele. 5¾ 90	60	91	91¼	0	−2⅛	7.05
Denmark 5¾ 90	80	92½	93	+0⅞	−2⅛	6.81
EIB 4⅜ 94	100	†79	80	+0⅛	−2⅞	6.73
Elet. de France 5¼ 90	100	92¼	92½	0	−3⅛	6.23
Eurofima 5¾ 92	80	101	102	0	0	5.57
F. G. H. Hypo. Bk. 6 90	50	†94	95	+1½	−3¾	6.81
Finland, Rep. of 5⅛ 90	80	91	91¼	−0¼	−2½	6.92
GZB 4¼ 89	100	82¼	82½	−0¾	−2⅞	7.02
Int.-Amer. Dev. 7 90	80	100⅞	101⅛	+0⅜	−1⅛	6.84
Japan Dev. Bank 5¾ 90	100	95⅝	95⅞	−1	−1⅛	6.35
Jutland Tele. 5½ 90	50	†91	92	−0¼	−1⅞	6.79
Mt. Blanc Tunnel 5½ 90	60	†92	92½	0	−2⅞	6.61
Newag 5¼ 90	80	92¼	92¾	+0⅛	−2¼	6.86
Nippon Tel. & T. 4¼ 89	100	86	86¼	0	−3⅞	6.39
Norges Komm. 4½ 91	100	82	82¼	+1	−3	6.78
OKB 4⅜ 91	100	82½	82¾	+0¼	−1	6.71
OKB 6 90	100	97	97¼	+0½	−1⅛	6.42
Oslo, City of 4⅛ 91	100	83⅛	83⅝	+1⅛	−0⅞	6.57
Oslo, City of 5⅞ 90	80	94	94½	−0⅛	−3⅛	6.70
Philips Lamps 5¼ 92	100	91¼	91½	0	−1½	6.33
Sekisui Pre. Hms. 6 90	80	94⅞	95⅛	+0½	−1⅞	6.73
Shikoku El. Pwr. 4¾ 89	100	91	91¼	−0¼	−3½	6.11
Trade Dev. Fin. 6⅛ 90	50	92½	92¾	−0¼	−1⅛	7.21
Voest-Alpine 5¼ 90	80	†93½	94	−0⅛	−0⅞	6.64

Average price changes... On day +0⅛ on week −2⅜

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.6 83	30	91⅞	92⅞	0	−0¼	8.91
Australia 6⅝ 88	20	87¼	88¼	−0⅛	−1¼	8.86
EIB 7¼ 89	12	93	94	+0⅛	−0⅛	8.85
Finland 5.6 83	10	91⅛	92⅛	−0⅛	−0¼	9.19
Finland 6.8 88	10	87⅛	88⅛	+0⅛	−0⅛	9.21
Finland, Rep. of 8⅛ 87	15	95½	96¾	−0⅛	−0¼	9.20

Average price changes... On day −0⅛ on week −0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 10¾ 86 C$	60	†90¼	91½	−0⅛	−0¼	13.03
CIBC 13½ 85 C$	50	†97½	98¼	0	−1	14.14
CIBC 11½ 85 C$	80	†91½	92½	+0⅛	−1	13.95
Federal Dev. 11½ 90 C$	60	†84¾	85¼	−0½	−1⅜	14.42
Fst. Can. Inv. 10 84 C$	50	†88¼	89	−0¼	−1	14.59
R. Bk. Canada 10 86 C$	40	†90	91	0	+0⅛	12.56
Tordom Cpn. 13½ 85 C$	30	†97½	98¼	0	−0⅜	14.14
M. Bk. Dnmk. 9 91 EUA	25	89½	90¼	0	−0¼	10.67
SOFTE 8¼ 89 EUA	40	88½	89¼	+0⅛	0	10.63
U. Bk. Nrwy. 9½ 90 EUA	18	97½	98¼	+0⅛	−0¼	9.82
Bk. Mees & H. 10 85 Fl	75	98¼	98¾	+0⅛	−0⅛	10.40
F. G. Hypo. 9¾ 87 Fl	60	93¾	93⅞	+0⅛	−0⅛	11.15
Heineken NV 10 87 Fl	100	94⅝	95⅛	+0⅛	−0⅛	11.13
Nat. Inv. Bk. 10 87 Fl	75	94⅝	95⅛	+0⅛	−0⅛	11.12
Nat. Neder. 9½ 87 Fl	60	93	93½	+0¼	−0⅛	10.98
Ned. Midd. Bk. 10 85 Fl	75	98¾	99¼	+0⅛	−0⅛	10.25
Aero Paris 13½ 87 FFr	150	95⅛	96⅛	+0⅛	−0⅛	14.06
Charb'nages 13½ 85 FFr	400	98½	99½	0	−0½	14.14
CECA 14¼ 86 FFr	150	99¾	100¾	0	0	14.22
EIB 14¼ 88 FFr	300	99	100	0	−0¼	14.22
Finland 11 84 FFr	80	91⅛	92⅛	0	0	14.02
Gaz de France 11 84 FFr	150	92	93	0	−0¼	13.86
La Redoute 14⅛ 85 FFr	125	95¼	96¼	−0¼	−0⅞	15.65
OKB 14 86 FFr	400	98½	99½	−0⅛	−0½	14.29
Utd. Mex. Sts. 14 85 FFr	150	97¾	98¾	0	−0⅞	14.61
Acona 14 85 £	20	94½	95¼	0	−0⅛	15.54
Beneficial 14¼ 90 £	20	93¾	94½	−0⅛	−0½	15.44
Beneficial 14⅛ 90 £	20	93⅞	94⅝	−0⅛	−0⅛	15.39
BNP 13½ 91 £	15	95⅞	96⅝	+0⅛	−0⅛	14.29
CECA 13½ 88 £	20	96¼	97	+0⅛	+0⅛	14.21
Citicorp O/S 13½ 90 £	50	94⅝	95⅜	−0⅞	−0⅜	14.62
Fin. for Ind. 14½ 88 £	20	100⅜	100⅞	0	0	14.37
Fin. for Ind. 13¾ 87 £	20	97¾	98½	+0⅛	+0⅛	14.15
Gen. Elec. Co. 12½ 89 £	50	93⅞	94⅝	+0⅛	−0⅛	13.71
Peugeot SA 14 90 £	23	93⅞	94⅝	+0⅛	−0⅛	15.13
Rothschild 14¼ 90 £	12	98⅝	99⅜	+0⅛	+0⅛	14.40
Swed. Ex. Cr. 15⅛ 85 £	20	103¼	104	0	−0⅛	14.00
Banobras 8¾ 90 KD	7	†87⅛	87⅞	0	0	10.45
CCCE 8⅜ 91 KD	10	†82½	83	0	+0½	11.04
Sonatrach 8½ 90 KD	12	†88⅛	89⅛	0	0	10.54
Akzo 9⅝ 87 LuxFr	500	90⅛	91½	−1⅛	−1⅜	11.30
Euratom 9¾ 88 LuxFr	500	93⅞	94⅞	−1⅛	−1⅛	10.94
Eurofima 10½ 87 LuxFr	500	98	99	−0⅛	−0⅛	10.80
EIB 9¾ 87 LuxFr	500	94⅝	95⅝	−0⅛	−1⅛	10.78
Volvo 9¾ 87 LuxFr	500	92½	93½	−0⅛	−0⅜	11.26

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bank 5¼ 87	0¼	98⅛	98⅝	2/7	18⅝	18.30
Bank of Montreal 5¼ 90	0¼	99⅛	99⅝	18/6	18½	18.62
Bank of Tokyo 5¼ 89	‡0⅛	98½	99	25/4	19.31	19.56
BBL Int. 5 86	0¼	98¼	98¾	20/5	16½	16.75
Bergen Bk. A/S 6 89	‡0¼	†98⅛	98⅞	29/2	18.19	18.44
BNP 5½ 88	‡0⅛	99⅛	99⅝	29/4	18.69	18.87
CNT 5¼ 86	§0¼	98½	99	16/4	13⅛	13.42
Christiania Bk. 5½ 91	‡0¼	97⅝	97⅞	5/5	17⅝	18.21
Citicorp O/S F. 84	‡0	98½	99	29/2	17.56	17.78
C. Itoh 5¼ 87	0¼	98¾	99¼	18/3	12⅞	13.01
Co-operative Bk. 6 86	0¼	97⅛	97⅝	15/5	15¼	15.66
Den Norske Credit 6 90	0¼	97⅞	98⅜	5/6	17¾	18.09
Genfinance 5¼ 87	0¼	98¼	98¾	30/4	15⅛	15.38
Giro und Bank 5¼ 91	0¼	98½	99	23/3	20½	20.76
GZB 5½ 89	‡0⅛	98⅜	98⅞	7/5	17⅞	18.12
Ind. Bank Japan 5¼ 87	0⅛	98	98½	15/4	13.31	13.56
Ind. Bank Japan 5¼ 88	0⅛	97⅝	98⅛	8/4	13⅛	13.41
Lloyds Eurofin 8 90 £	0¼	96⅜	96⅝	3/7	14½	15.05
Lloyds Eurofin 5¼ 92	0⅜	97¼	97¾	4/6	17⅝	17.69
LTCB Japan 5¼ 86	0¼	99⅞	100⅜	13/6	20.19	20.16
Man. Hanov. O/S 5¼ 94	‡0⅛	98	98½	29/2	18⅛	18.45
Midland Intl. Fin. 5 89	0¼	99⅜	99⅞	30/6	19.56	19.69
Midland Intl. Fin. 5¼ 92	0¼	97⅜	97⅞	5/6	17.19	17.61
Nacional Fin. 6⅞ 86	0⅜	98¾	99¼	25/7	17¾	17.93
Nat. West. 5¼ 94	§0¼	96⅝	97⅛	14/4	13⅛	13.66
Nat. West. 5¼ 92	§0¼	97¼	97¾	23/4	13.69	14.06
Nippon Credit 5¼ 97	‡0⅛	98⅞	99⅜	8/5	17.44	17.59
Sparebanken 6 87	0¼	98½	99	18/6	19⅞	20.13
Standard Chart. 5¼ 90	0⅜	98⅝	99⅛	6/3	12.06	12.20
Svenska Hndlsbk. 5 87	0¼	98¾	99¼	15/7	17.81	17.98
Bq. Ex. d'Alg. 4¾ 89 SF	0⅛	†90	91	18/6	7½	8.29

Average price changes... On day 0 on week −0⅛

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Bow Valley Inv. 8 95	4/81	23.12	101¾	102¾	−0⅛	21.89
Canon 6¾ 95	1/81	829	102¾	103¾	+0⅛	4.21
Credit Suisse 4¾ 93	10/79	1278	96	98	+4	−3.95
Digicon Fin. 8½ 95	10/81	29.5	†95	96	−0¾	12.11
Enserch Fin. 9½ 94	7/80	30.25	†157	158	0	−1.74
Hanson O/S Fin. 9½ 95	1/81	1.92	103	104	−1⅞	−2.97
Ina Overseas 8¾ 2000	4/81	42	†98½	99½	−0⅛	12.38
Inchcape Ltd. 8 95	2/81	4.55	89¾	90¾	−1⅛	−0.22
Jaccs 7½ 95	11/80	565	126½	127½	+2¾	−0.15
Marion Int. Fin. 9 95	12/80	23.25	88	88½	0	62.75
Matsushita El. 7½ 95	11/80	590	100⅝	101⅝	+0½	9.21
MEPC 8⅞ 96	2/81	2.47	99	100	−0⅞	10.24
Niigata Eng. 7½ 96	1/81	327	†102¾	103¾	+1¾	1.20
Nissho-Iwai Co. 8 96	10/80	398	†93	94	+0⅞	−2.57
Ricoh 6⅞ 95	8/80	604	111⅝	112⅝	−0⅞	−1.25
Sumitomo M. Ind. 7 95	2/81	181	†106⅝	107⅝	+1⅜	3.98
Swiss Bk. Cpn 6¼ 90	9/80	200	83	85	+1⅞	13.94
Taylor Woodrow 8¼ 90	1/81	4.94	97½	98½	−0⅛	4.95
Transco Int. 8¾ 95	2/81	86	†86	87½	+0⅛	28.57
Tricorp 8½ 95	12/80	31.25	†88	89½	−0¾	10.94
Union Bk. Switz. 5 89	2/80	121.4	82¼	84¼	+0¼	−16.73
Fujitsu 5 84 DM	7/79	431.5	136¾	137¾	+1⅛	−0.22
Sharp Cpn. 8½ 88 DM	9/80	595	139	140	−1⅛	−2.59
Uny Co. 6½ 85 DM	11/79	967.3	108½	109½	−5⅛	−2.86

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. *Change on week = Change over price a week earlier.*

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

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Two of Morgan's London-based IMM officers visit a client company in Germany. At right, Walter Gubert, head of IMM London, and Peter Muller.

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The Morgan Bank

Companies and Markets

INTERNATIONAL COMPANIES and FINANCE

Internatio-Mueller slides into the red

By Our Financial Staff

REORGANISATION provisions have pushed Internatio-Mueller, the Dutch trading and transport group, into the red for 1980.

The company said yesterday that its results would show a loss of Fl 55m ($22.5m) at the net level, compared with a profit of Fl 6.2m in 1979. The outturn follows provisions of Fl 50m for an accelerated programme of restructuring.

Last November, I-M warned shareholders that there would be no dividend for 1980, against a payment of Fl 1.40 in 1979. Over the first six months of last year net profits were Fl 8.5m, a gain of 16 per cent.

The company, which suffered a major setback to profits in 1979, has in the past derived the bulk of its earnings from international trading. Its second largest division centres on an earth moving and dredging business.

Group sales in 1979 totalled Fl 3.7bn with the company workforce totalling some 15,800.

MBB forecasts turnover rise

By Our Financial Staff

MESSERSCHMITT - BOELKOW-BLOHN, the aerospace and defence group, expects consolidated sales this year of DM 5.1bn ($2.27bn) after recording unconsolidated sales of DM 4.3bn for 1980.

The 1980 sales total includes sales from Vereinigte Flugtechnische Werke (VFW), which merged with MBB in December last year, and its subsidiary, Erwo Raumfahrttechnik. Overall MBB order book levels stood at DM 9.5bn at the end of last year, of which DM 8bn was for the pre-merger element of MBB.

MBB plans investments totalling DM 1.4bn up to 1984, including DM 596m for the MBB sector. Overall investments this year will amount to DM 697m.

DM WEAKNESS COMPOUNDS DOWNTURN

Bleak prospect for Frankfurt bourse

BY JOHN MAKINSON

THE CHART below tells the sorry tale. The German stock market, which in 1980 earned the dubious distinction of performing worse than any other market except Belgium, has plunged further this year and now stands at around its lowest point since early 1975.

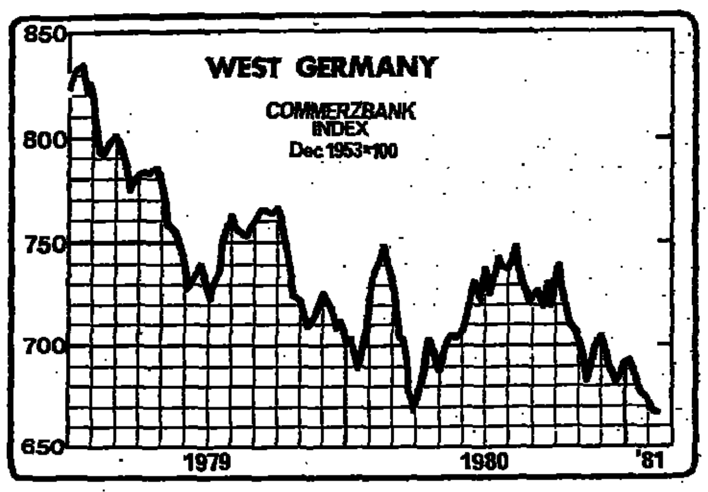
For foreign investors, of course, the tale is still sorrier. Long accustomed to the compensation of a rising currency, they have seen the Deutsche Mark depreciate against every other major trading currency over the past year. British investors, for example, would last year have seen a negative return on the Commerzbank index of about 17 per cent in sterling terms.

German industry is being squeezed between rising energy costs and falling demand. For the moment at least, few market analysts see much light at the end of the tunnel. Industrial production is still falling in real terms, average capacity utilisation has slipped below 80 per cent and business confidence is at a low ebb. The economy is expected to shrink this year and industry is being obliged to finance its accumulating stocks at what are, by German standards, very high interest rates.

West Germany is not the only economy to be suffering from such symptoms but their effect is felt unusually strongly on the stock market. In the UK and U.S., for example, the heady rise of energy and technology stocks has sustained the upward momentum of the market. Germany, by contrast, has virtually no energy reserves and its high-technology companies are financed principally through long-term bank loans rather than the stock market.

The German stock markets are dominated by financial and heavy industrial stocks, which are highly vulnerable to high interest rates and falling demand levels. The toppling of the DM from its pedestal will bring some comfort to exporting industry but the gains will probably be limited.

German industry has built its export capacity to accommodate a rising currency, with the



emphasis on capital goods. Consequently, when the DM is thrown into reverse, the benefits are less great than would be the case with more price-sensitive consumer goods. Siemens, for example, is heavily dependent on exports yet its first quarter profits showed a substantial fall and the group is far from optimistic about the remainder of the year.

Offsetting to some extent the greater competiveness is a sharp increase in fuel bills. With a capital - intensive industry, Germany is exceptionally dependent on oil, most of it purchased on short-term contracts. At the moment, the stock market is also depressed by the imminent wage round. The stances of the employers and the unions remain wide apart.

Nor, in the view of German analysts, does the market look particularly cheap. Assuming a profits fall of between 5 and 10 per cent this year, the index stands on a prospective p/e of about 9 and the yield for foreign investors is around 4 per cent, which compares with returns on the local bond market of about 10 per cent.

This gloomy picture has already impressed itself on foreign investors. Members of the Organisation of Petroleum Exporting Countries (OPEC), and Kuwait in particular, were reported to be strong buyers for much of last year but are now notable for their absence. Trading activity, which was averaging between DM 50m and DM 60m daily last summer, had slumped to DM 30m ($13m) by the end of the year.

Whatever the fundamental outlook, the primary consideration for foreign investors must be the Deutsche Mark. German analysts believe that the market will only gather momentum when the Bundesbank allows interest rates to fall. At that point, bank stocks, for example, would see a surge in interest margins and could mark up their heavily depressed bond portfolios. There would also be benefits for construction stocks such as Holzmann and Hochtief which are inhibited by high mortgage rates.

The catch for the foreign investor is that, with the Federal Reserve Board maintaining a tight monetary stance in the U.S., a loosening of the Bundesbank's monetary reins would almost certainly precipitate a run on the Mark.

In any event, analysts believe that any upswing by interest - rate-sensitive stocks would have to be followed by an improvement in consumer and capital goods shares for the market to consolidate at a higher level. Retailers, whose earnings have recently been severely depressed, might be early beneficiaries of a fall in interest rates. But no substantial improvement in the earnings of the heavy goods industry is expected before the end of this year.

Setback for Slavenburg's Bank

BY CHARLES BATCHELOR IN AMSTERDAM

FURTHER EVIDENCE of pressure on Dutch banking profits has emerged with the announcement by Slavenburg's Bank that its 1980 results are worse than earlier expected.

Profits of Slavenburg's, which is No. 6 in balance sheet terms in the Dutch banking league, have fallen sharply while the dividend will be "much lower," the Board told shareholders. In December it hinted at a reduction in profits and dividend. Detailed 1980 figures will be announced in March.

In 1979 Slavenburg's paid a dividend of Fl 21.50 a share. It achieved operating profits of Fl 107m ($44m) and net profits of Fl 36.7m on a balance sheet total of Fl 9.6bn.

The latest profit forecast was made at an extraordinary shareholders' meeting called to consider the proposed Fl 147m bid from Credit Lyonnais for a half share in Slavenburg's. Shareholders have until March 6 to respond to the offer.

Slavenburg's has suffered from the downturn in the Dutch property and foreign travel markets. At the same time banks have felt pressure on their interest rate margins while costs have risen.

Nederlandse Credietbank recently said it did not expect 1980 to match the good result of the previous year while Rabobank Nederland announced a sharp slowdown in the growth of new lending and a large rise in write-offs from bad debts. High bad debt provisions have forced Mees en Hope to forecast a fall of 10 per cent in 1980 profits.

The true extent of setback suffered by Dutch banks will become clearer on Friday when Amsterdam-Rotterdam Bank, one of the big three in Holland, unveils its results for last year.

Changes now proposed in Slavenburg's statutes include the appointment of the management Board by shareholders instead of by the supervisory Board, and a rule that more than half of the managers should be Dutch. The latter may be in conflict with EEC regulations, in which case the proposal will be dropped.

Kuehne may be forced to sell part of capital

By John Wicks in Zurich

KUEHNE AND NAGEL, the Swiss-based international forwarding agents, may be forced to sell part of its capital after a setback to the fortunes of the controlling family.

According to a statement from the company, divestment of part of the Kuehne family shareholding is intended "to ensure the continuity of the group." This follows the Kuehne family's engagement in large-scale ship operating investments outside the group which have resulted in losses of some SwFr 80m ($44m).

Kuehne says there are good chances of recovering at least 15 to 20 per cent of their losses, which are understood to have resulted primarily from investments in Panamanian shipping companies.

The family's private shipping operations were financed in part by Kuehne and Nagel Germany, "irrespective of the fact that the forwarding group was not involved in commercial or organisational affairs of the shipping activity."

In agreement with company bankers it has been decided to separate the Kuehne family's shipping interests from the affairs of the group. To achieve this end, the family is to sell part of its shareholding, with the banks maintaining existing credit lines.

The planned changes in the structure of the company will have "no effect whatsoever" on the international forwarding activities.

Last August when disclosing its profits for the first time—SwFr 6m ($3.9m) net for 1979—the company said its German operations had been hit by losses of DM 2.5m ($1.1m) in Iran but had managed to stay in profit.

Prospects for 1980 were viewed with "subdued optimism," with the board expecting profits to be at least maintained at the 1979 level.

Safmarine well ahead in first half

By Bernard Simon in Johannesburg

SAFMARINE, South Africa's national shipping line, lifted taxed profit to R18.0m ($23m) in the half-year to December, 1980, from R10.7m for the same period of 1979, but the directors have warned that the rate of increase is unlikely to be maintained for the full year.

Trading profit rose from R48m to R57.9m on turnover of R260m ($333m) compared with R185m. Depreciation absorbed R16.6m, against R15.6m, interest R11.5m, against R17.7m, current tax R1m, against R0.6m, and deferred tax R10.8m, against R3.4m.

Non-recurring revenue on ship sales added R700,000 compared with R5.3m, and there was a profit on the sale of trade investments of R7m (nil) making R25.7m against R16m. Earnings rose from 20 cents to 34 cents before non-recurring items, and from 31 cents to 49 cents after such items.

The company said operations continue to expand and there has been a welcome increase in import traffic. But it added that depressed export traffic in liner trades has offset the gains made elsewhere.

Property loan

Wah Kwong Properties has signed a HK$170m (US$33m) syndicated three-year loan to finance construction of a 26-storey commercial tower in Hong Kong's central business district, writes Adrian Boven from Hong Kong.

Sales growth maintained at BSN-Gervais Danone

BY DAVID WHITE IN PARIS

BSN-GERVAIS DANONE, the leading French food group, managed to increase its sales by 10 per cent last year in spite of the sale of its big West German glass subsidiary, Flachglas, to Pilkington of the UK.

The year's turnover, which included Flachglas only for the first five months, climbed to FFr 18.1bn ($3.5 bn) after originally being expected to remain in line with the previous year's total of FFr 16.4bn. The figure includes sales by recently-acquired food companies, including the French processing activities of Sir James Goldsmith's Generale Occidentale group, taken over in April.

But the growth rate also reflected a strong recovery in the group's flat glass division, where sales rose by almost 30 per cent. Food and drink sales were 18 per cent up, and turnover in glass packaging 17 per cent higher. Leaving aside both Flachglas and the group's new acquisitions, sales rose at a rate of a little under 20 per cent.

In the first half of last year, the group boosted its net profits by 23 per cent to FFr 198m despite a slight drop in earnings from its increasingly important food division. This did not include exceptional gains resulting from the Pilkington deal.

VW growth in Yugoslavia

BY KEVIN DONE IN FRANKFURT

VOLKSWAGEN, West Germany's largest car maker, is planning an expansion of its production interests in Yugoslavia.

According to Herr Horst Münzner, VW board member with responsibility for purchasing, the company is to start production next year of a small pick-up truck based on the successful Golf saloon.

Herr Münzner said that VW was looking at an annual production of 12,000 to 15,000 such vehicles. Manufacturing would be done in co-operation with the Yugoslavian company, TAS.

With this project, VW was aiming at a gap in the market for commercial vehicles smaller than its existing light commercial Transporter range.

TAS, formed in 1972 by VW with its former general import agent, UNIS, is 49 per cent-owned by the West German group. In 1979 it sold 15,139 Golf cars assembled in Yugoslavia, together with an additional 1,701 imported vehicles.

● Nixdorf Computer, the West German maker of office computers, expects another double digit increase in sales for 1981 after a 25 per cent jump in 1980 sales to DM 1.56bn ($695m), Reuter reports from Paderborn. But the 1980 dividend will remain unchanged at 16 per cent.

French failure rate

The number of French corporate bankruptcies, liquidations and legal settlements rose by 15.3 per cent in January to a seasonally adjusted 1,858 from 1,612 in December, AP-DJ reports from Paris. The January total was 42.3 per cent above that for January last year. The biggest increase was in failures of industrial companies, hotels and restaurants and transportation companies.

Oil palm slide hits Sime Darby offshoots

BY WONG SULONG IN KUALA LUMPUR

THREE plantation companies in the Sime-Darby group—Kempas, Benta, and Taiping Consolidated—have reported sharp setbacks in first-half operating results because of weaker commodity prices. But for Kempas and Taiping, attributable profits are up sharply because of gains from the sale of investments.

For the six months ended June, the after-tax trading profits of Kempas were down by 22 per cent to 9.3m ringgits (US$4.1m), and those of Benta by 56 per cent to 1.6m ringgits. That of Taiping was marginally up, at 258,000 ringgits, as the result of a lower tax charge.

Both Kempas and Benta attributed the setback to the steep fall in oil palm prices (averaging 20 per cent), as well as to lower oil palm output. Production of rubber was up, and the price remained firm, but the gains involved were insufficient to offset the poor performance from the oil palm sector.

Kempas reported an extraordinary gain of 50.6m ringgit, and Taiping a gain of 1.3m ringgit, so that profit available for distribution rose to 58.9m and 1.57m ringgit, respectively.

The gain by Kempas was made from the sale of its 29.4m shares in Highlands and Lowlands to the Malaysian Government-owned Permodalen Nasional last August.

Taiping made its gain through the sale of its investments in Highlands and Lowlands and Harrison Malaysian Estates on the open market.

Kempas and Taiping are maintaining their interim dividends of 14 cents gross at the first and 10 cents gross at the second, while the dividend for Benta is reduced to 5.8 cents from 8 cents.

The operating losses at Sime's plantation subsidiaries were in line with expectations, and were foreshadowed in the annual reports.

The interim results of Sime Darby, the Kuala Lumpur-based multinational, and its major subsidiaries — Consolidated Plantations, Tractors Malaysia, and China Engineers—are due later this week.

● PERAK CARBIDE, has anounced five property acquisitions worth over 23m ringgit ($10m), confirming its plan to switch to property development.

The company will issue 15.65m shares of one ringgit each on the Kuala Lumpur stock exchange at 1.5 ringgit each to the five vendors in exchange for various commercial, industrial and residential properties.

The vendors are Selima properties, Aun Seng Sdn. Berhad, Kyw Enterprise, Gunung Pesling, and Golden East.

Perak said the acquisitions would set the company firmly on the path of property development and would revive its fortunes. For many years the company had been a losing concern, with its shares trading well below par value.

It was taken over last October by Mr. Kee Yong Wee, the property developer, and since then, its shares have been actively sought to reach a current high of over 3 ringgit.

هكذا بالأصل

Unisec fights Sage with bonus from bumper profit

BY DES KILALEA IN JOHANNESBURG

THE SOUTH African Unisec group has responded strongly to Sage's R152m ($195m) offer for control with large advertisements in the national press advising minorities to reject the offer. It has also reported bumper profit figures for 1980 and a bonus dividend which diminishes the attractiveness of Sage's bid.

For the year to end-December Unisec has reported earnings of 28.7 cents a share compared with 17.3 cents and has declared a 10 cents bonus dividend in addition to a 14.5 cents, against 9.5 cents normal final payment. The special declaration, together with a higher final, means that the value of Sage's offer is effectively reduced by 24.5 cents to 270.5 cents ($3.47) per Unisec share.

Normally Unisec does not release its annual profit figures until mid-March.

Sage has long been attracted to Unisec's property portfolio held through the 51.7 per cent owned listed subsidiary Unidev and has previously made two unsuccessful approaches to gain control of the offshoot. Unisec's other assets include a R61m listed portfolio, as well as certain trading subsidiaries and unlisted investments. These make up the net asset value of 400 cents the Unisec directors placed on their shares yesterday.

Sage's formal offer, which was rejected by Unisec and certain shareholders controlling more than 50 per cent of the equity, was announced last week. For every 100 Unisec shares, Sage is offering R295 cash or R290 plus 20 1983-84 options to subscribe for Sage shares on a price-earnings multiple of eight. In addition, should Sage obtain control of Unisec, both offer packages will be increased by R15 in cash, making an effective exit price of 310 cents per Unisec share in both cases.

The offer compares with a Unisec share price of under 225 cents prior to the approach in December last year. And so Sage has pointed out, if the bid fails the share price might well slip back again from the current high level of 270 cents.

Central to Sage's chances of success is whether the 50 per cent stake which has already indicated rejection is entitled to vote. Sage contends that included in that package are the 3.3m Unisec shares held by two companies, Billhawk Investments and Newstock. Unisec says these are associates, but Sage claims they are subsidiaries and therefore cannot vote their shares.

The issue goes further however. Some 30 per cent of Unisec is controlled by the South African listed company, Hesperus Holdings, which is itself owned as to 32 per cent by the Luxembourg registered Tolux and 22.3 per cent by Unisec itself. Tolux's largest shareholders, Detente, Kredietbank SA Luxembourgeoise, and Papex Exporters, hold 61 per cent of the Unisec equity. Should Sage be able to show cross shareholdings between Unisec and Tolux, its case for control would be considerably strengthened. Hence Sage's continual call for the Unisec board to reveal where control of the company actually lies. So far this request has been refused.

Besides the issue of control, there is an assessment of the offer. In recent years Unisec's dividend growth rate has been superior to Sage's. Since 1976 Unisec's dividends have grown at a compound 18.2 per cent from 10.25 cents a share to the 20 cents for 1980. Sage, on the other hand, has been able to boast a growth rate of only 4.5 per cent in the same period. However, Unisec invariably pays out most of its earnings while Sage pays only some 65 per cent.

Sage claims that, by accepting their offer for Unisec, shareholders are eligible for a 22 per cent capital appreciation on the pre-offer market price, and by investing the proceeds at the 12-month building society deposit rate, could boost income potential by up to 77 per cent. These figures have obviously altered in view of Unisec's bonus dividend, but Sage said when Unisec first mentioned the possibility of a bonus payment, that it was merely a defensive measure to dissuade acceptance of the offer.

Sage might still revise its position in view of the Unisec bumper profits and the bonus dividend and although gaining control might be impossible it has said it might be satisfied with a significant minority holding. Either way, the battle looks far from complete.

Huletts in bid to raise stake in Hulamin

By Bernard Simon in Johannesburg

HULETTS CORPORATION, the South African sugar producing company with substantial industrial interests, is negotiating to acquire a further 15.2 per cent of Huletts Aluminium (Hulamin), in which it already has a 60.8 per cent stake. The boards of the companies said a further announcement would be published as soon as possible.

Alcan Aluminium of Canada holds 24 per cent of Hulamin's shares, but these will not be affected by Hulett's purchase. Huletts has refused to disclose the reasons for buying out the minorities, nor has it yet announced the terms of its offer.

Hulamin's main business is the manufacture of semi-fabricated aluminium products and a limited range of consumer aluminium articles. Shareholders interest totalled R43.7m ($56m) at the end of Hulamin's last financial year in March 1980, and the book value of its shares was 583.2 cents. Its shares are currently trading at 750 cents.

Dunlop Olympic retracts approval of NBH offer

BY OUR SYDNEY CORRESPONDENT

NORTH BROKEN HILL, the Melbourne-based mining and investment house, is to press ahead with its partial takeover bid for Dunlop Olympic, the tyre, cable and industrial products group, in spite of the withdrawal this week by the Dunlop Board of approval of the offer.

Dunlop withdrew approval after the market price of North shares fell below the level the Board and its independent merchant bank advisers, Hill Samuel Australia, saw as an acceptable level—after this level had been raised in the light of the Dunlop Olympic half-year results released on Friday, which showed earnings up 28 per cent to A$20.3m (U.S.$23.6m).

In late January, Dunlop and the bank lent their support to acceptance of the offer of four North shares and 36 cents for every nine Dunlop—provided the North price in the market held above A$3.00. North has bid for 45 per cent of Dunlop Olympic — sufficient with the existing holding to give it effective control. The A$160m (U.S.$185m) bid was based on a North share price of A$3.75, and valued Dunlop Olympic at some A$350m. The late-January approval was based on a North price of A$3.40.

Mr. Lawrence Baillieu, managing director of NBH, a member of the Collins House group, said there was no question of his company withdrawing its offer.

The North share price, Hill Samuel said, had bottomed out at a level as low as A$2.92 on January 21, and had consistently traded below the stated minimum.

According to Dunlop-Olympic's figures, the value of the four-for-nine share exchange had slipped from A$1.78 a Dunlop share when the offer was made on January 7, to A$1.38 last Friday.

Broad-based gain for Abercom

BY OUR JOHANNESBURG CORRESPONDENT

ABERCOM, the diversified South African engineering group, raised its net profit by 39 per cent to R6.2m in the six months to December, from R4.5m in the same period of the previous year.

Profit margins in all the company's divisions, particularly heavy engineering, improved. According to Mr. Peter Herbert, the group's chairman, further appreciable growth is expected during the second half of the financial year in activities related to infrastructure development, including fans, structural steel, mining equipment and process industry equipment.

The tax charge benefited from the utilisation of part of the assessed losses brought forward from prior years, and from new plant investment.

Abercom has declared an interim dividend of 14 cents, against 11 cents, and the board aims to pay a dividend for the full year of not less than 30 cents, against 24 cents in 1979-80. The year's dividend now forecast compares with the "not less than 28 cents" predicted in the annual report.

Most of Abercom's products are sold to heavy, investment-oriented industries, and the company thus began to benefit from the present economic boom in South Africa fairly late in the business cycle. On the other hand, it expects that its business will be little affected by the expected downturn in consumer spending later this year. Mr. Herbert said that the outlook for the 1981-82 financial year was for "further improvement."

Mr. Herbert said that the company was presently concentrating on internal growth and expected to continue doing so for the next two years. The high premiums above net assets values currently being paid for acquisitions made it generally an inappropriate time to negotiate further take-overs. Abercom's capital spending within its present companies will total R16m during the current year.

A. Wheatley joins Cable & Wireless

The Secretary for Industry has appointed Mr. Alan Wheatley as a non-executive director on the court of directors of CABLE AND WIRELESS. Mr. Wheatley is a senior partner in Price Waterhouse and he will continue his executive responsibilities with that firm.

★

Mr. C. J. Hounsell, group company secretary of CURRYS, has been appointed a director. Two directors of the company have been given additional responsibilities for subsidiaries. They are Mr. C. W. Sandford, group commercial director, who becomes chairman of Currys Microsystems, and Mr. H. Creevy, controller of all branch retail operations, now made chairman of T. Bridger and Son (Bridgers). Mr. D. N. Valle, a former director of T. Bridger, has been appointed a director of Currys (Retail). Mr. S. Bellinger, the group distribution manager for Currys, becomes a director of W. R. Stott (Shopfitters) and Mr. A. R. Young is now group personnel controller.

★

OPPENHEIMER INTERNATIONAL has been established in London by Oppenheimer and Co., Inc. to undertake the firm's merger and acquisition and corporate finance activities in Europe. Directors of the new company are Sir David Nicolson, chairman, Mr. Christopher J. S. Clegg, managing director, Mr. Norbert K. Siegel, managing director, Mr. Jeffrey P. Beck, Mr. Jack Nash, Mr. Stephen Robert and Sir John Stewart-Clark.

★

Sir Maxwell Joseph has resigned from the board of GILTSPUR.

★

Dr. Ronald M. Cresswell has been appointed to the Board of the WELLCOME FOUNDATION as group technical director. He will transfer to the UK from Burroughs Wellcome in the U.S., where he was vice president for technical development and a members of its Board.

★

The Secretary for Transport has appointed Mr. Derek Fowler as a vice-chairman of the BRITISH RAILWAYS BOARD. Mr. Derek Fowler, who has been a full-time Board member since 1975, will retain his present direct control of finance and planning. In addition, he takes over wider responsibilities with the overall running of the business. Sir Robert Lawrence relinquishes his position as vice-chairman of the Board to devote more time to his chairmanship of the National Freight Company. Sir Robert will continue as a part-time member of the Board and will remain chairman of the BR Property Board.

★

MR. JOHN ECCLES was yesterday appointed as a deputy chairman of the Monopolies and Mergers Commission. Mr. Eccles is a director of several companies including the Davy Corporation and Glynwed as well as a part-time member of the commission since 1976.

The other two deputy chairmen are Sir Max Brown and Mr. Charles Hardie.

Mr. Sidney Lipworth, joint managing director of Hambro Life Assurance, was also appointed as a part-time member

★

Mr. Stuart R. Chinn has been appointed managing director of HILLALDAM COBURN of Tolworth. He was previously managing director of the Viscose Development Company and Viscose Group.

★

Mr. Michael Rowlinson, Mr. Michael Wood, Mr. Noel Beadle and Mr. David Mann have been appointed finance directors of BARCLAYS BANK INTERNATIONAL.

★

Mr. C. Murray Stuart, deputy managing director of ICL, has become chairman of group company BARIC COMPUTING SERVICES in place of Mr. Peter Ellis. Mr. Tim Holley, manager of ICL's recently-formed services group, also joins the Baric Board.

★

THOMSON REGIONAL NEWSPAPERS has made the following appointments of assistant managing directors to member companies. Mr. M. Crossley, Scotsman Publications, Mr. A. L. Davidson, Western Mail and Echo, and Mr. R. B. Johnston, Chester Chronicle.

★

Mr. B. G. Thomas has been appointed managing director of the Scottish division of the BRITISH AEROSPACE AIRCRAFT GROUP. He will be based at Prestwick and also becomes a member of the Aircraft Group Board.

Companies and Markets

INTL. COMPANIES & FINANCE

GTE down after consumer withdrawal

By Our New York Staff

GENERAL TELEPHONE and Electronics (GTE), one of the leading U.S. telecommunications and electronics groups, had sharply lower earnings last year, reflecting the company's withdrawal from its consumer electronics business as well as higher operating costs.

But in the fourth quarter, the company reported a modest increase in earnings representing the first period of year-to-year improvement in 1980. Mr. Theodore Brophy, GTE's chairman, said this improvement partly reflected increased rates obtained by a number of GTE telephone companies.

Earnings per common share last year were $2.94 compared with $4.20 a share the year before. Consolidated net income last year totalled $477.9m compared with $645.1m.

Mr. Brophy said 1980 earnings were reduced by 93 cents a share because of the losses from the company's withdrawal from the consumer electronics business. In the fourth quarter, GTE's earnings per share from its continuing operations were $1.14 compared with $1.12 in the year-earlier quarter.

The company said consolidated income from continuing operations in the fourth quarter totalled $183.2m on revenues of $2.7bn, up from income of $172.4m on revenues of $2.4bn. Revenues last year totalled $9.98bn against $8.9bn.

Van Gelder in U.S. link

By Our Financial Staff

VAN GELDER Papier of the Netherlands and Owens-Corning Fiberglas Corporation of the U.S. have formed a joint venture to manufacture and market non-woven glass fibre mat.

The new company will be called Van Gelder-Owens-Corning VOF. New manufacturing equipment, including a 4-metre wide machine, will be installed at a Van Gelder plant in Apeldoorn. The new machine is expected to be operational by mid-1982.

Van Gelder began manufacturing non-woven glass materials in 1966. Applications included flooring, and other special purpose products. Owens-Corning is the world's leading manufacturer of glass fibre insulation and reinforcement materials.

Ampco increases Buffalo bid

By Our Financial Staff

AMPCO-PITTSBURGH has increased from $25 a share to $34 its takeover bid for Buffalo Forge, a New York pump and fan manufacturer, in an attempt to ward off Ogden Corporation, an industrial and shipbuilding group which has reached preliminary agreement to take over Buffalo in a share and cash deal. The latest Ampco offer values Buffalo at about $73m against a roughly $87m value placed on the company by the Ogden package.

Societe Generale pays less in spite of higher profits

BY GILES MERRITT IN BRUSSELS

SOCIETE GENERALE de Belgique, Belgium's biggest financial and industrial holdings group, has announced a cut in its dividend for 1980 in spite of improved net profits for the year.

Although "La Generale," which is the country's major holding company with widespread interests throughout Belgian industry, had managed to hold its dividend to BFr 140 per share during the previous three years in the face of difficult conditions, it has now declared that it will be proposing BFr 125 per share at its annual general meeting on March 17.

The reduced payout is being made on net profits which for 1980 rose to BFr 922.7m ($26.7m) from the previous year's BFr 681.7m, but still fall short of the BFr 1.05bn earned in 1978.

In a statement, Societe Generale pointed out that largely as a rsult of the depressed state of shares quoted on the Brussels Bourse, the break-up value of its own shares had at end-1980 sunk to BFr 2,611 from its BFr 3,038 calculation a year earlier.

This healthy rise in the group's net earnings, however, is already being viewed in Brussels as a welcome development that contrasts well with Societe Generale's gloomy assessment last July, when it issued a mid-year statement. At that time it drew attention to the rapid slowdown taking place in key sectors of the Belgian economy and warned that as that was coupled with high interests rates the group faced a serious increase in costs.

Deutsche Babcock cuts dividend

BY ROGER BOYES IN BONN

DEUTSCHE BABCOCK, the West German construction and engineering group, has cut its dividend from 16 per cent to 6 per cent, despite recording high sales, orders and profits for the past year.

This apparently contradictory move, announced yesterday after a supervisory board meeting, reflects the group's growing concern about its overseas exposure. The main chunk of the (as yet unspecified) profits for 1980 will be transferred to reserves to cover possible losses on overseas business, notably a DM 500m ($233m) power station contract for Kuwait which was won, against sharp competition, primarily because the group was prepared to undertake it at little more than cost price.

The Kuwait order—eight boilers for the Doha West power station-cum-desalination project—illustrates the problems facing many power station specialists in Germany. The deadlock in West Germany's nuclear energy situation, where commissioning and construction of power stations is frequently delayed for years by ecologists' protests, has led to an extremely depressed state in the domestic market for nuclear and even conventional thermal plants.

This in turn has led companies like Deutsche Babcock to diversify out of power stations and to expand overseas business.

Deutsche Babcock, which is 25 per cent owned by Iran, has traditionally done well among OPEC members, although for large-scale turnkey power station projects it has frequently been confronted with price-competitive rivals such as the Japanese. Against this backdrop, deals such as the Kuwait project have had to be booked to keep capacity in use.

Now, it seems, shareholders will have to shoulder some of the burden of this strategic risk-spreading. In 1978-79, Deutsche Babcock's balance sheet profits totalled DM 45m ($21m) against DM 41m, while attributable profits reached DM 41m against DM 37m.

Evidently, although Herr Hans Ewaldsen, the chief executive, has said 1979-80's "operating and financial results were the best for year," the proportion of attributable profits will sink dramatically.

● BMW is to take over Balcom Trading Company of Japan, the major Japanese importer of BMW cars and motor-cycles. The German company said Balcom would become a 100 per cent-owned subsidiary and be re-named BMW (Japan).

Balcom increased BMW's share of foreign car imports to Japan to 7 per cent with 3,200 units in 1980, when Japan's total car imports dropped by 25 per cent to 45,000 units from the 1979 level.

AGA raises payout after strong full year advance

BY WILLIAM DULLFORCE, NORDIC EDITOR, IN STOCKHOLM

AGA, the Swedish industrial gases and heat engineering group, proposes to raise its dividend by SKr 1.25 to SKr 7.75 a share after announcing pre-tax earnings of SKr 360m ($80m) for 1980 — up 19 per cent. The result falls within the SKr 350m-375m bracket forecast by Mr. Sven Aagrup, the managing director, in the half-year report.

Group sales grew by 16 per cent to SKr 4.5bn ($1bn). Net adjusted earnings per share are given as SKr 23 compared with SKr 20 for the previous year. At SKr 7.75 a share the total dividend cost will be SKr 53m, or SKr 9m more than the 1979 payout.

Net interest costs rose by SKr 5m to SKr 104m while exchange rate adjustments took SKr 8m from earnings against a gain of SKr 8m in 1979.

Last year AGA hived-off its industrial units into a new company, Pharos, listed on the Stockholm Stock Exchange from Monday this week. AGA shareholders were invited to subscribe to shares in the new company and about 8,000 investors at present hold 40 per cent of the stock. The formation of Pharos cost AGA SKr 17m in extraordinary items.

Earlier this week Pharos reported pre-tax earnings of SKr 42m on a SKr 538m turnover for 1980.

CTC, the heating engineering subsidiary, improved its operating income by 20 per cent to SKr 30m on sales of SKr 480m, ahead 15 per cent.

Banco Urquijo shows 20% earnings rise

By Robert Graham in Madrid

BANCO URQUIJO, Spain's leading investment and merchant bank, reports net profits higher by 20 per cent to Pta 2.2bn ($25.8m) for 1980.

Pre-tax profits increased by 10 per cent, while a 26 per cent increase in dividends from portfolio investments allowed the bank to use tax credits on industrial dividends to reduce tax liability. Other factors aiding the bank's results were continued high interest rates and the increasing volume of foreign business.

As a sign of the continuing Spanish recession, the bank has been obliged to make further substantial provision for doubtful debts and portfolio write-downs. To cover doubtful debts the bank has set aside Pta 1.4bn, 19 per cent more than in 1979. Traditionally Urquijo has been heavily involved in base sectors of the economy.

The bank has been able to cut operating costs, reducing them to 1.76 per cent of the balance sheet, against 2.09 per cent in 1979 and an average of 3.5 per cent for Spanish banks as a whole.

Deposits during the year increased by 19 per cent to Pta 345bn, while within a 7 per cent increase in advances in foreign currency loans grew by 21 per cent.

French textiles group in the red

BY OUR FINANCIAL STAFF

DOLLFUS-MIEG, the French textiles group, expects to post a FFr 30m ($6m) operating loss for 1980, compared with an operating profit of FFr 71.5m in 1979.

Net income will reflect the effects of the sale of two affiliates—Tissages de Flers and Arts Graphiques—the group said. Net icome in 1979 came to FFr 64.3m.

Consolidated sales rose by only 4.5 per cent in 1980 to FFr 4.7bn, having risen by 14.5 per cent in the first quarter. Dollfus said it was in the process of trimming its less-profitable activities.

AMERICAN QUARTERLIES

H. F. AHMANSON

	1980	1979
Fourth quarter	$	$
Revenue	366.8m	323.9m
Net profits	18.96m	29.25m
Net per share	0.80	1.28
Year		
Revenue	1.37bn	1.21bn
Net profits	54.32m	117.1m
Net per share	2.34	5.11

AMETEK

	1980	1979
Fourth quarter	$	$
Revenue	99.8m	96.1m
Net profits	4.83m	4.65m
Net per share	0.45	0.44
Year		
Revenue	400.2m	392.9m
Net profits	21.67m	22.44m
Net per share	2.02	2.11

AMF

	1980	1979
Fourth quarter	$	$
Revenue	393.3m	363.2m
Net profits	12.6m	8.1m
Net per share	0.61	0.45
Year		
Revenue	1.54bn	1.44bn
Net profits	58.6m	52.6m
Net per share	2.76	2.59

ANCHOR HOCKING

	1980	1979
Fourth quarter	$	$
Revenue	224.3m	215.9m
Net profits	11.03m	10.09m
Net per share	1.08	0.98
Year		
Revenue	857.5m	785.2m
Net profits	28.79m	26.42m
Net per share	2.81	2.58

BENEFICIAL CORPORATION

	1980	1979
Fourth quarter	$	$
Net profits	27.0m	13.7m
Net per share	1.02	0.49
Year		
Net profits	94.0m	101.1m
Net per share	3.45	4.24

CLUETT PEABODY

	1980	1979
Fourth quarter	$	$
Revenue	200.8m	184.6m
Net profits	3.86m	6.12m
Net per share	0.39	0.65
Year		
Revenue	738.6m	659.3m
Net profits	15.6m	17.38m
Net per share	1.60	‡1.78

CONRAC

	1980	1979
Fourth quarter	$	$
Revenue	37.8m	36.6m
Net profits	1.27m	1.49m
Net per share	0.56	0.67
Year		
Revenue	146.6m	137.2m
Net profits	4.67m	4.8m
Net per share	2.05	2.15

CONTINENTAL CORPORATION

	1980	1979
Fourth quarter	$	$
Net profits	26.4m	77.6m
Net per share	0.52	1.45
Year		
Net profits	192.5m	287.2m
Net per share	3.74	5.35

CROWN LIFE INSURANCE

	1980	1979
Year	$	$
Revenue	1.01bn	864.2m
Net profits	23.9m	26.3m
Net per share	11.93	13.17

EMERY AIR FREIGHT

	1980	1979
Fourth quarter	$	$
Revenue	142.5m	134.6m
Net profits	6.55m	4.45m
Net per share	0.42	0.28
Year		
Revenue	552.7m	520.1m
Net profits	21.56m	22.59m
Net per share	1.39	1.46

ENVIROTECH

	1981-80	1980-79
Nine months	$	$
Revenue	310.4m	287.1m
Net profits	1.83m	1.28m
Net per share	0.40	0.28

FIELDCREST MILLS

	1980	1979
Fourth quarter	$	$
Revenue	157.1m	151.0m
Net profits	7.25m	7.68m
Net per share	1.98	2.03
Year		
Revenue	527.2m	517.7m
Net profits	19.44m	24.78m
Net per share	4.66	6.56

FLEMING COMPANIES

	1980	1979
Fourth quarter	$	$
Revenue	700.7m	—
Net profits	6.5m	5.3m
Net per share	1.07	0.84
Year		
Revenue	2.82bn	2.51bn
Net profits	20.7m	16.4m
Net per share	3.25	2.61

GRUMMAN

	1980	1979
Fourth quarter	$	$
Revenue	497.3m	428.3m
Net profits	10.22m	7.08m
Net per share	0.78	0.88
Year		
Revenue	1.76bn	1.49bn
Net profits	30.67m	19.57m
Net per share	2.35	2.06

G. HEILEMAN BREWING

	1980	1979
Fourth quarter	$	$
Revenue	196.4m	174.6m
Net profits	7.06m	6.05m
Net per share	0.80	0.69
Year		
Revenue	840.8m	657.3m
Net profits	34.69m	27.33m
Net per share	3.98	3.15

WALTER E. HELLER INTERNATIONAL

	1980	1979
Fourth quarter	$	$
Revenue	198.6m	179.3m
Net profits	11.43m	11.19m
Net per share	0.96	0.94
Year		
Revenue	747.9m	611.0m
Net profits	43.01m	40.38m
Net per share	3.61	3.40

IC INDUSTRIES

	1980	1979
Fourth quarter	$	$
Revenue	1.12bn	1.06bn
Net profits	44.8m	46.8m
Net per share	2.40	2.59
Year		
Revenue	4.14bn	3.73bn
Net profits	120.7m	107.4m
Net per share	6.02	5.31

OSCAR MAYER

	1981-80	1979
First quarter	$	$
Revenue	461.6m	410.1m
Net profits	11.36m	11.52m
Net per share	0.71	0.72

McMURAN OIL AND GAS

	1981-80	1979-80
Second quarter	$	$
Revenue	13.6m	10.1m
Net profits	2.9m	1.94m
Net per share	0.10	0.07
Six months		
Revenue	27.0m	17.8m
Net profits	12.5m	3.39m
Net per share	0.56	0.14

PACIFIC LUMBER

	1980	1979
Fourth quarter	$	$
Revenue	71.1m	72.3m
Net profits	10.23m	11.66m
Net per share	0.84	0.97
Year		
Revenue	289.5m	258.4m
Net profits	42.08m	48.81m
Net per share	3.48	4.06

RYDER SYSTEM

	1980	1979
Fourth quarter	$	$
Revenue	454.98m	392.87m
Net profits	17.61m	16.85m
Net per share	1.07	0.94
Year		
Revenue	1.69bn	1.45bn
Net profits	56.32m	62.96m
Net per share	3.32	3.73

SUNBEAM

	1980-81	1979-80
Third quarter	$	$
Revenue	505.8m	436.9m
Net profits	18.3m	15.7m
Net per share	1.25	1.05
Nine months		
Revenue	1.15bn	1.05bn
Net profits	38.2m	36.3m
Net per share	2.54	2.44

TAMPAX

	1980	1979
Fourth quarter	$	$
Revenue	48.32m	39.17m
Net profits	6.74m	7.73m
Net per share	0.60	0.69
Year		
Revenue	202.9m	194.8m
Net profits	36.32m	41.71m
Net per share	3.22	3.70

TESORO PETROLEUM

	1980-81	1979-80
First quarter	$	$
Revenue	865.7m	1.03bn
Net profits	23.4m	34.36m
Net per share	1.44	2.57

THOMAS AND BETTS

	1980	1979
Fourth quarter	$	$
Revenue	61.7m	57.4m
Net profits	7.39m	7.24m
Net per share	0.96	0.95
Year		
Revenue	254.0m	226.4m
Net profits	32.5m	30.02m
Net per share	4.22	3.91

TRANSCO COMPANIES

	1980	1979
Fourth quarter	$	$
Revenue	819.5m	468.3m
Net profits	33.67m	23.32m
Net per share	1.31	0.97
Year		
Revenue	2.63bn	1.53bn
Nets profits	120.3m	69.29m
Net per share	4.72	2.96

WESTBURNE INTERNATIONAL

	1980-81	1979-80
Nine months	C$	C$
Revenue	870.0m	694.0m
Net profits	22.0m	17.0m
Net per share	2.30	2.25

UNITED MERCHANTS AND MFRS.

	1981-80	1980-79
Second quarter	$	$
Revenue	171.3m	155.9m
Net profits	3.79m	3.45m
Net per share	0.64	0.58
Six months		
Revenue	308.4m	288.3m
Net profits	†2.39m	5.12m
Net per share	†0.48	0.86

† Loss.

Technical Page

EDITED BY ARTHUR BENNETT AND ALAN CANE

Financial modelling made easy

IF MICROMODELLER were a wine you might be forgiven for describing it as presumptuous and definitely non-vintage. As it is a software package, these may be seen as positive advantages.

Micromodeller comes to the market with the claim that it is the software program that will enable non-computer trained managers to do sophisticated financial modelling on a mere Apple microcomputer. It will cost a fraction of using an expensive program on a mini-computer let alone time sharing on a mainframe.

The Micromodeller software program costs just £425. A complete Apple II computer system, complete with video display, floppy disc drives for memory and a printer costs £4,000. By comparison the program for a mini-computer which rivals Micromodeller would cost around £10,000 according to Applied Computer Techniques the publicly quoted company, which is marketing the new program.

ACT believes that Micromodeller will rival Visicalc, the highly successful American software program which can be used on most micro-computers. Visicalc, which enables microcomputers to be used as sophisticated calculators, has itself been a significant driving force behind the success of mini-computers.

Micromodeller, which is considerably more sophisticated, is expected to encourage sales of micro-computers among business users. In the first 12 months, and it was only launched last week, ACT anticipates sales of over 2,500 programs. Many large companies with high financial modelling costs are expected to adopt Micromodeller on Apple computers.

Intelligence (UK) Limited, which wrote Micromodeller, says it has 95 per cent of the facilities offered by other financial modelling packages—including those costing around £10,000. It says the few features it does not offer are those like declining balance depreciation under French law, and third order polynomial regressions which are very seldom used.

The program has colour graphics and it can present information as line graphs, bar charts or pie charts. Instructions are given in English—the program is designed to be used by businessmen rather than by computer programmers.

ACT is claiming that it only takes a couple of hours to learn how to use—with the help of a tutorial guide. At its launch even some of the most jaundiced observers of the computer industry were making some highly favourable predictions for Micromodeller's future.

JASON CRISP

Retail store network

DATA COMMUNICATIONS equipment from Racal Milgo is to be used by British Home Stores to link its stores to a nationwide point of sale computer network.

To date 22 stores have been connected to the network, which is scheduled for completion in 1982.

Based around two IBM computers, the point of sale network will be connected over leased lines from the Luton computer centre to all of the 120 British Home Stores branches. At Luton, a Racal Milgo System 185 diagnostic network controller allows operators to keep track of sales and operating data while modems handle the transmission and reception of data within the network.

A loop adaptor has been specially designed by Racal Milgo which provides an interface with the IBM in-shop IBM terminals—the unit converts IBM protocol into a form compatible with the rest of the network. More on 0734 782158.

Manages databases

MULTIPLE database management systems (MDMS) has been introduced by Triad Computing Systems which will run on the VAX-11, PDP-11 and ICL 1900 machines.

Able to manage several independent databases within the same computing system, MDMS offers two levels of data independence between the application program and the data structure definition, so that the data structure can be extended without affecting either the application program or the data already stored. (More on 0483 37975).

Extending the role of telescopic cranes

BY DEBORAH PICKERING

DETERMINED TO be reckoned *with in the European crane* business, Grove of Texas is using the International Construction Equipment Exhibition at Birmingham next week as a launch pad for a number of new products. It is riding particularly high with what it claims is the world's largest telescopic truck crane.

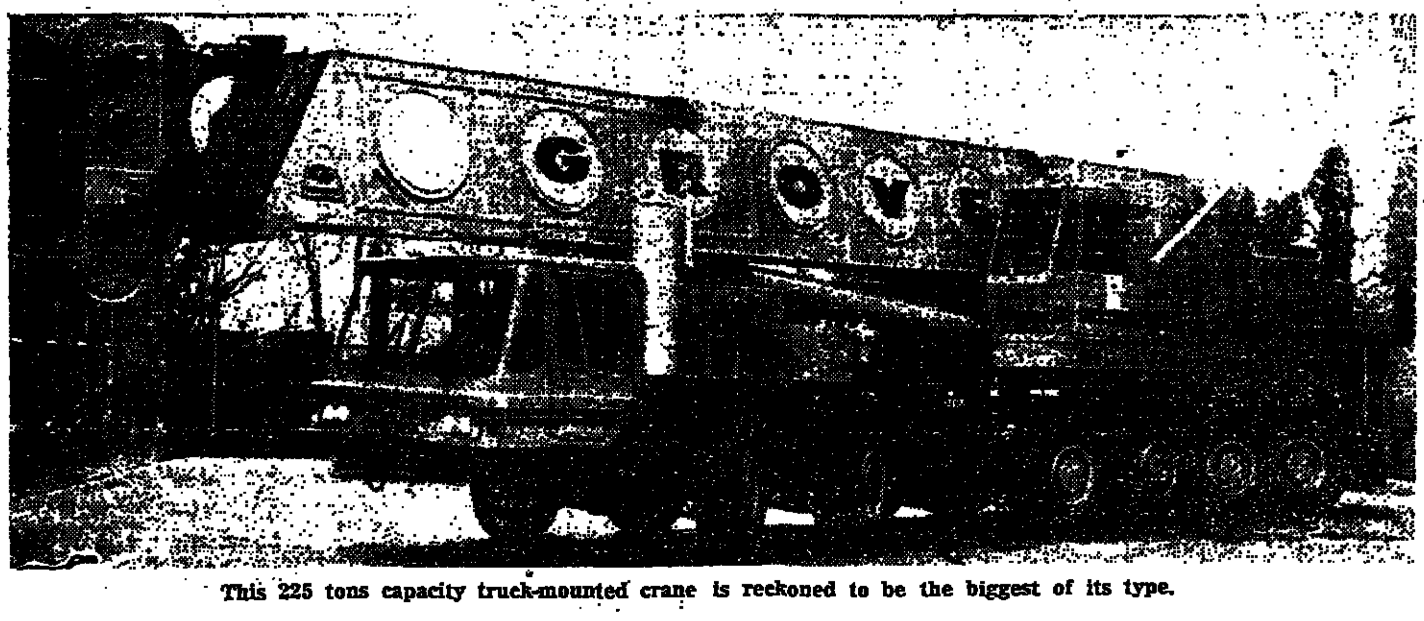
The Grove "Big G," the TM2500, boasts a number of new design ideas.

Apart from its strength—it has a load moment of 912 ton/metres, providing it with a 225-ton lifting capacity at four *metres radius—it has* a unique latching-telescoping system for its already proven trapezoidal boom.

Grove's marketing manager, Stuart Anderson, says: "The Traplock system is the biggest development in the telescopic boom in many years."

He describes it as a "fingers and pins" concept which utilises a single cylinder to telescope the main boom to its maximum 53.3 metres under full power, and works thus:

The telescope cylinder extends the first boom section to its full extent; it is then automatically pinned into position by a fail-proof device: this frees the cylinder, allowing it to be retracted. When fully retracted, fingers automatically grip the second section and telescope it into fully extended position—and so on until the whole boom is entirely extended. This *whole process (from* 14 metres to 53.3 metres) only takes 10 minutes to accomplish.



This 225 tons capacity truck-mounted crane is reckoned to be the biggest of its type.

An additional 11 metres reach is possible with a lattice swing-away section, provided as standard equipment. This can be stowed along the main boom when not used.

Customers wanting heights in excess of 65 metres have two options. There is a 16.5-metre jib to fit the nose of the swing-away section or, alternatively, a high-capacity power luffing jib built up in sections to a maximum of 42 metres—providing total tip height of almost 100 metres.

This machine is capable of travelling along the roads at a speed of 42 miles an hour on its eight axles. Six of these are steering axles giving the crane truck a 40-feet turning radius.

Despite its significant design innovation it is "... the simplest telescopic boom ever built in many respects, because we have taken so much out of it," says Stuart Anderson. He claims, too, that it is the first telescopic crane to emulate a tower crane.

International lifting specialist, Sparrows of Bath, has placed one of the first orders for the TM 2500. Its cost is around £750,000.

Descending from the giddy heights of the 'Big G,' the company is unveiling two other new truck cranes at the International Construction Equipment Exhibition.

Said to be the most popular crane in its class (with a list of repeat orders to its credit) is the TM 1150F, *now joined by* Grove's E-range version, the TM 1150E. The main difference between the two models is the carrier—while the F utilises a Faun, the E is a new 7-axle all-Grove model with a turning circle of only 13.75 metres.

This is of modular construction with Kessler axles, Hydrogas suspension, Z-F steering, single wheels with Michelin tyres, Z-F transmatic transmissions and M.A.N. power.

Also joining the E range is the TM 1075E with 90 tons lifting capacity at three metres. This is aimed at the crane hirer who wants *big crane lifting* ability combined with small crane roadability.

Mounted on a manoeuvrable 6-axle carrier with 12x6 drive and 8 wheel front and rear steering, it has a turning radius of only 8.84 metres and is said to out-manoeuvre most 25 tonners.

More on 0865 776271.

NEWS IN BRIEF

MATERIALS

CEMENT-BONDED building board for indoor use has just been put on the market by Metsäliiton Teollisuus Oy of Finland. Use of a magnesia cement is said to give the board good fire-resistance, mechanical strength and insulation.

The material can be painted, papered, laminated and gued. Finished products available include laminated panels for kitchen furniture and there is a decorative wall-panelling system consisting of 12mm board veneered with oak, pine or teak.

For computer room flooring, TV studios and so on, there is a system of 600 x 600mm panels made from 32mm board laminated to either an electrically-conducting (anti-static) or insulating layer and finished with carpet or plastic tiling. In the UK details can be obtained from Finnforests, 2 Albemarle Way, London EC1V 4PS. (01-251 2871.)

MAGNETS

MACHINING and cutting of short runs of magnets to fine tolerances is now being offered as a service by Magnet Developments, Unit 7, Headland Trading Estate, Swindon, Wilts (0793 33212).

It is stated that all permanent magnet material can be handled, including ferrite, alnico and rare earth. This material can be supplied by the company or from a source specified by the customer.

TEMPERATURE

A HAND-HELD infra-red thermometer designed to measure the temperature of most combustion gases and flames, introduced by PJD Instruments, The Green, Southall UB2 4AH (01-571 1878), is claimed to be accurate to within ± 2 per cent of full-scale, with a 1 per cent repeatability, at up to 1,760 deg. C.

The instrument has a narrow field of view for measuring targets as small as 25 mm diameter at 3 metres and the fitted *in-line* telescope *is claimed to* achieve a high degree of accuracy at any distance.

PUBLICATIONS

A QUARTERLY journal called "Zeolites," covering the research and applications of zeolites, will be published from April this year by IPC Science and Technology Press.

The publisher says that recent interest in industry and universities worldwide, ranging from geology, chemistry and engineering to animal nutrition and medicine, has indicated a *need for a single* journal to bring together the interdisciplinary aspects of zeolites which are a group of natural aluminosilicate minerals mined in the U.S., Mexico, Japan, East Europe and elsewhere.

MOISTURE

AN INFRA-RED moisture analyser suitable for use with a wide range of materials including foodstuffs, chemicals, paper and plastics, in both static and moving situations, introduced by Moisture Systems, Moulton Park, Northampton (0604 46130), is claimed to measure moisture contents up to 90 per cent. A non-contacting device, it has a patented automatic drift compensation with four optical channels instead of the more usual two channels.

The sensor unit, measuring 318 mm by 178 mm by 152 mm, can be set to operate up to 1,000 metres from the processor, which indicates moisture percentages on a digital display. The sensor would normally operate in ambients from −20 degrees C to +60 degrees C, though high temperature models can be supplied. The analyser, known as the Quadra-Beam 475, is also claimed to be capable of measuring coating and film thicknesses.

THIS new MAN snowplough and road gritter is now ready for use by Glamorgan County Council. It is the first of its kind to become available for snow-clearing in the UK and has been designed to carry a 10 ft wide snow-clearing attachment as well as a 9 cubic metre capacity Econ gritting body.

Powered by a 6-cylinder diesel engine, the front wheel drive vehicle has special tyres for gripping icy roads.

Instrument detects gas emissions from afar

A DOUBLE laser beam instrument that can detect emission gases from chimneys two miles away has been developed by SRI (formerly Stanford Research Institute) for the Electric Power Research Institute in California.

Mounted in a trailer the device, a differential absorption LIDAR (light direction and ranging unit) sweeps beams of *ultraviolet laser light across* the plume of emission from a chimney stack and measures the concentrations of gases present.

Several of the 630 electric utility companies in the U.S. have expressed interest in the unit which has detected sulphur dioxide at levels that are in approximate agreement with known data about a test chimney.

Dr. Glen Hirst, the EPRI manager in charge of the project says that the instrument "will be very valuable in determining the behaviour of plumes and the resultant dilution of pollutants from tall stacks." EPRI is at 3412 Hillview Avenue, Palo Alto, CA 94303.

WORLD STOCK MARKETS

Dow rallies 9 in early trade

SELECTIVE bargain hunting on Wall Street took major indices sharply ahead yesterday morning. However, overall advances and declines were about evenly matched, with most investors remaining cautious ahead of President Reagan's fiscal policy speech set for tonight.

The Dow Jones Industrial Average, down about 21 points last week, had recouped 9.04 at 940.61 by 1 pm yesterday. The market was closed on Monday for the *Washington's Birthday* holiday. The NYSE All Common Index recovered 50 cents to $73.30 in moderate volume of 27.67m shares, compared with last Friday's 1 pm figure of 24.03m.

Analysts said the main points of the speech are known but investors want to see how Congress reacts.

News last Friday of a small decline in the basic money was said to be mildly encouraging but Citibank held its Prime Rate at 19½ per cent yesterday morning. The Bond market firmed, however.

Oils were firmer and Precious Metals issues benefited from higher Bullion prices. Active Exxon rose $1 to $72¾. Exxon has let a contract to a Halliburton unit to begin construction on the Colony Oil Shale project in Western Colorado. Tosco, which has a stake in the $2bn to $3bn project, added ¼ at $23¾, while Halliburton gained ¾ to $72¾.

Texaco put on ¾ to $40½. It is to begin testing a Baltimore Canyon well soon.

Eastman Kodak advanced $1 to $70½ on increased fourth-quarter profits and forecast *higher* 1981 sales, but Du Pont eased ⅛ to $45⅜ despite increasing its quarterly dividend.

THE AMERICAN SE Market Value Index, in contrast to the NYSE, shed 1.27 to 338.04 at 1 pm. Volume 2.50m shares (2.20m).

Among mixed Oils, Gulf Canada lost $1 to $21¾ and Dome Petroleum 1½ to $66. Dome has signed an agreement for a $400m loan from Japan National Oil for exploratory drilling in the Beaufort Sea.

Canada

Shares were mixed to easier after fairly active early dealings, with the Toronto Composite index shedding a further 6.5 to 2,211.4 at noon. Oil and Gas lost 35.2 at 4,425.5, but Golds improved 33.8 to 4,099.5.

Tokyo

Following Monday's steadier performance, shares mostly resumed their decline in light trading, with many *investors* discouraged by a sharp fall in a number of speculative issues. These speculatives were actively sold on reports that a leader of a major speculative investment group had been arrested on tax evasion charges.

Prices were lower in many sectors, but *high-priced* Light Electricals, some Pharmaceuticals, Precision Instruments and Large-capital shares rose strongly after initial easiness, boosted by foreign buying.

The Nikkei-Dow Jones Average dipped 29.61 to 7,135.91 and the Tokyo SE index was down 0.71 *at 501.51, while declines out-paced* gains on the First Market section by 415 to 220. Volume amounted to 220m shares, compared with the very thin total of 170m recorded on Monday.

Hitachi Seiki fell Y58 to Y530, Ishii Iron Y50 to Y871 and Makita Y103 to Y867, while *Nippon Shinpan retreated* Y22 to Y773, Toho Rayon Y13 to Y310, Toshiba Ceramic Y29 to Y871, Okuma Machinery Y18 to Y922, Mitsubishi Y7 to Y643 and Honda Motor Y6 to Y537.

However, Pioneer Electronic climbed Y40 to Y2,770, TDK Electronics Y60 to Y3,610, Sony Y20 to Y3,130, Canon Y20 to Y811, Fuji Photo Y11 to Y989, Mitsui Shipbuilding Y5 to Y184, Nippon Steel Y3 to Y142 and Shionogi Pharmaceutical Y30 to Y730.

Germany

The Deutsche Mark's rally against the dollar helped the market pick up initially, but stock market trading remained nervous and a subsequent reaction left some shares easier on the day. The Commerzbank index, which is based on share quotations ruling some time before the close, registered an improvement of 3.6 at 670.0.

Motors were higher on foreign buying, Volkswagen, Mercedes and Daimler gaining DM 2.50 apiece.

Among Electricals, Siemens picked up DM 1 despite an announcement that it was *requesting authorisation to work* short shifts in some divisions in March. AEG, however, declined DM 2.30 more to DM 56.50 amid rumours of a capital reduction.

Paris

Most stock prices gained ground in active trading, helped by the dollar's retreat on the Foreign Exchange market. Also boosting confidence was news that France's official reserves had risen by more than FFr 7.8bn in January.

Constructions performed well following the Government's decision to unfreeze FFr 3.5bn *of low-interest housing loans for* families with small incomes.

Engineering, Stores, Electricals, Banks, Insurances, Chemicals and Textiles were also favoured, but Portfolios, Foods and Metals tended to decline.

Switzerland

Mainly higher on the dollar's retreat and speculation that U.S. interest rates might decline. Volume, however, was not above average, with buyers still hesitant.

Australia

The Mining and Oil sectors continued to retreat with widespread falls recorded, but Industrials were mixed with a firm bias again.

The Australian All Ordinaries index lost 8.1 more at 641.1, while the Metals and Minerals sub-group weakened 9.6 to 566.0 and Oil and Gas 23.9 to 847.6.

Resources-related leaders BHP and CSR fell 30 cents to a 1981 low of A$13.20 and 24 cents to A$6.06 respectively.

Western Mining receded 10 cents to A$4.45, Bougainville 5 cents to A$1.45, Greenbushes 70 cents to A$12.50 and Aberfoyle 10 cents to A$6.40.

Among Golds, GMK shed 20 cents to A$6.50, Haoma 20 cents to A$2.40 and Poseidon 10 cents to A$4.40.

Strata Oil fell 75 cents to A$3.60 on disappointing reports from the Woodada No. 3 well. Bridge Oil receded 40 cents to A$5.40, Hartogen Energy 20 cents to A$8.30, Woodside Petroleum 7 cents to A$2.48 and Ampol Exploration 15 cents to A$3.25.

Hong Kong

The market was substantially weaker at the outset yesterday in the wake of heavy selling of Hong Kong shares in London overnight. A partial recovery on selective buying took place later, limiting the Hang Seng index loss on the day to 10.95 at 1,526.51.

However, this makes a total fall for the index over the last seven business days of 124 points, and many operators stayed on the sidelines yesterday, uncertain about the future trend of the market.

There was another moderate *business of HK$ 461.19m on the* four stock exchanges, against Monday's HK$ 427.32m.

Johannesburg

Gold shares rallied in a market short of stock, responding to the recovery in the Bullion price. Hartebeestfontein rose R5 to R86 and East Driefontein R1 to R31.

Closing prices for North America were *not* available for this edition.

Indices

MONTREAL	Feb. 16	Feb. 13	Feb. 12	Feb. 11	1980/81 High	1980/81 Low
Industrials	370.98	371.60	371.23	370.60	425.80 (29/2/80)	325.31 (27/3)
Combined	352.00	352.82	353.16	353.00	378.98 (20/10)	290.90 (27/3)
TORONTO Composite	2217.9	2225.1	2229.7	2257.75	2402.2 (28/11)	1702.6 (27/3)

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day
Digital Equipmnt.	526,000	82	−1¼
Sony	446,000	15⅛	− ⅛
Gen. Pub. Ut.	410,300	4¾	+ ¾
Boeing	385,500	34⅞	− ⅝
IBM	373,000	61¾	− ⅛
Ralston Purina	367,600	11⅛	− ¼
FT. Pen. Mtg.	365,000	1½	—
Reynolds Ind.	358,100	42¾	−1¾
Pepsico	329,600	31½	− ½
Comp. Science	271,400	18	+1¼

COMMODITIES AND AGRICULTURE

Inquiry into fish dumping begins on Monday

BY RICHARD MOONEY

THE COMMITTEE of inquiry which will investigate allegations that Continental caught fish are being "dumped" in Britain, undercutting economic quayside prices needed by UK fishermen, will hold its first meeting in London on Monday, the Agriculture Ministry confirmed yesterday.

The inquiry chairman will be Mr. Bill Mason, Ministry of Agriculture Fisheries Secretary, and the committee will include representatives from the Scottish Office, the British Fishing Federation, the Scottish Fishing Federation, the National Federation of Fishermen's Organisations two fish producer organisations and Northern Ireland fishermen.

Anger about the alleged cut-price imports was the main reason for the recent "strike" by inshore fishermen. English skippers returned to sea last weekend after Mr. Walker announced the inquiry but most Scottish boats are still tied up.

The fishermen claim illegal Government subsidies paid to Continental fishermen allow them to sell in Britain at prices which do not cover British catchers costs.

And the Dutch have been accused of exporting to Britain fish that has been withdrawn from local markets to keep prices up. Under EEC rules such fish should not be sold for human consumption.

Representatives of fishermen from all round the UK met Mr. Walker yesterday to stake their claims for operating aid to prevent the collapse of the industry.

Before Mr. Walker agreed earlier this month to consider pleas for extra aid the fishermen had been reported to be seeking about £30m to cover expected losses this year. The total sought at yesterday's meeting is believed to have been much higher.

In the present difficult financial circumstances, however, even the £30m figure must be regarded as highly optimistic. A more realistic target might be a repeat of the £17m paid out over and above normal industry support in the present financial year. This took the total to £36.5m.

Mr. Walker made no announcement about aid prospects after the meeting but he did say that there was no reason for Scottish fishermen to continue their cheap imports protest. Everything possible was already being done to deal with this problem, he said.

Apart from refusing to go to sea skippers at Peterhead, Fraserburgh, Aberdeen and Lossiemouth are blockading their own ports to prevent foreign trawlers landing the cheap fish they are complaining about.

In continuing their action the men are defying the Scottish Fishing Federation which called for them to end their protest at the weekend.

Tate & Lyle plea to Walker

By John Edwards, Commodities Editor

MR. PETER WALKER, UK Agriculture Minister, said yesterday there was nothing he could do to prevent the proposed closure of Tate and Lyle's cane sugar refinery in Liverpool, involving the loss of nearly 1,600 jobs.

The Minister told a delegation of church, political and union leaders that the closure was needed because of excess capacity caused by a decline in UK sugar consumption and could not be cured by Government investment aid.

Mr. Walker said he had already agreed to a substantial reduction in the British sugar beet quota and to cut this further would create more unemployment for beet factory workers.

The delegation included Mr. Eric Heffer and other Merseyside MPs, as well as the Rt. Rev. David Sheppard, the Anglican Bishop of Liverpool, the Rev. Derek Warlock, the Roman Catholic Archbishop, and trade union and business representatives.

Meanwhile, the world sugar market was hit by a sharp downturn in New York, which re-opened after the closure for Washington's birthday.

New York sugar futures fell the permissible limit down of 1 cent a pound in early trading. The U.S. market ignored the firm tone in London after reports that Poland would be seeking to impot a futher 200,000 tonnes of world market sugar to make up for the shortfall in its domestic crop.

Australian mine strike threat

SYDNEY—Miners employed in three zinc and lead mines at Broken Hill, New South Wales, said they will strike on Thursday morning after talks on a new three year wage contract failed to make any progress.

However, further negotiations between the barrier industry council, representing the three trade unions involved, and the Mine Managers Association, representing the employers, are scheduled to take place before the strike deadline.

The three mines process about 2.5m tonnes of ore per year

Reuter

JAMAICAN ALUMINA

Expansion of refineries sought

BY CANUTE JAMES IN KINGSTON

THE JAMAICAN Government is renegotiating with the Saviet Union a contract for the supply of 1.75m tonnes of alumina over seven years. Jamaica wants a contract for 2.5m tonnes over ten years.

But in spite of this renegotiation, the Government appears to be more interested in raising the current output of alumina by expanding the capacity of the island's bauxite refineries from the present 2.8m tonnes a year.

Next week, Mr. Seaga, Prime Minister and Mining Minister meets the heads of the North American aluminium companies which operate on the island. He hopes to find common ground for an expansion in alumina output.

The contract with the USSR was negotiated by the previous Government, and gave the island a market of 250,000 tonnes per year for seven years, with deliveries beginning in 1983. Under an immediate short-term contract, Jamaica has been supplying the USSR with 50,000 tonnes of alumina per year.

It is planned that the USSR shipments should come from a 600,000-tonne Greenfield refinery which the Government is building on the south coast.

But according to Mr. Seaga, the USSR market, on the basis of the current contract, did not guarantee the feasibility of the plant. There was need, he said, to extend the contract to ten years, and to get the USSR to agree to a "take or pay" clause. Only then would the Government consider supplying to Soviet market.

The price of the alumina would be pegged to the American metals market price of aluminium ingot, on the basis of the Jamaican bauxite levy. It is not yet clear how the USSR is reacting to the Jamaican proposals. No major Soviet objections to a ten-year contract are expected but that they may baulk at the price being based on the levy.

The renegotiations of the contract has further delayed work on the new refinery. Its estimated cost was US$650m (£288m), but Mr. Seaga says it will now cost US$720m.

Finance for the construction from Algeria and Mexico, with suppliers credits from France and West Germany, had been lined up by the previous Government. The project is to be overseen by Kaiser Engineers of the U.S.

The plant is scheduled to supply Iraq and Algeria each with 150,000 tonnes of alumina a year. But these contracts are not being renegotiated. There is some reluctance in Kingston, however, to consider the Iraqi market safe because of the Gulf war.

Mr. Seaga and the Government apparently feel there is more to be gained by concentrating efforts on the island's traditional bauxite and alumina markets—primarily the U.S.

The Prime Minister has also expressed doubts about the viability of the proposed doubling of the capacity of Alcoa's 500,000 tonne refinery in central Jamaica. The expansion is being carried out by the company, the Government, and three Norwegian firms—Ardal og Sunnda L Verk, Norsk Hydro and Alkem.

Mr. Charles Parry, executive vice-president for Alcoa, said his company was "eager" for the expansion of the plant, and that by all indications, the project was a good one.

But Mr. Seaga says there is a market gap of 200,000 tonnes a year which has to be closed if the $350m expansion is to be worth while.

The Prime Minister has sought financial support for the project from the International Finance Corporation of the World Bank, and says there is a "willingness to help."

In his meetings with the aluminium companies' chief executives, Mr. Seaga intends to explore the potential for expanding the other refineries, and mining more bauxite.

The companies to be represented are Kaiser, Reynolds, Alcoa, Alcan and Anaconda.

Alcan operates two refineries with a combined capacity of 1.1m tonnes a year, and Alumina Partners of Jamaica (Alpart) which is owned by Kaiser, Reynolds and Anaconda, operates a 1.2m tonne plant.

The Prime Minister says the Alpart plant can be expanded relatively cheaply to 2.1m tonnes. The Alcoa plant, which he says faces a market gap if the present expansion programme goes ahead, can be further expanded to 1.65m tonnes.

Jamaica's alumina output last year totalled 2.45m tonnes, and bauxite mining was 12.15m tonnes.

The Government, which is desperately short of foreign exchange, is likely to ask the companies to investigate ways in which they can speed up mining of the island's estimated 2bn tonnes of metal grade bauxite.

Mr. Seaga says there is a more immediate financial return from the mining of bauxite than there is from refining, which also demands greater investments.

But with metal stocks of 2m tonnes, the refineries are not in a position to take an increased supply of ore and alumina.

And next week, the aluminium companies are likely to impress upon Mr. Seaga just that fact.

JAPANESE imports of primary aluminium totalled a record 731,593 tonnes last year, 22.3 per cent up from the 598,111 tonnes imported in 1979, according to the Finance Minister. The high imports were attributed to active domestic demand and a fall in overseas aluminium market prices.

Revaluation of Green £ rejected

THE GOVERNMENT has no intention of revaluing the Green Pound at the moment, Mr. Jerry Wiggin, Parliamentary Secretary at the Ministry of Agriculture, said last night.

Mr. Wiggin stressed that any future revaluation would need to be looked at in the light of farmers incomes and the exchange rate prospects.

The Green Pound is the fixed exchange rate at which EEC farm prices are translated into sterling.

The recent rise in the value of the real pound has lifted it 18 per cent above this level resulting in the charging of substantial compensatory levies on food imports to Britain from other EEC countries.

Mr. Walker has been under pressure from importers and consumer groups to revalue the Green rate so doing away with the levies and reducing prices for imported food.

But he has resisted this claiming foreign producers would pocket the extra profits and UK shop prices would not be affected.

'Bright prospects' for UK bacon curers

BY OUR COMMODITIES STAFF

BRITAIN'S BACON curers had never enjoyed more favourable terms of trade, Mr. David Samworth, chairman of the UK Meat and Livestock Commission, told a conference in Cambridge last night.

He was speaking to an audience including pig producers, many of whom had just been warned that the curers who had contracted to buy their pigs might not be able to honour the contracts.

FMC, which supplies 12 per cent of Britain's bacon, and other curers have given the farmers a month's notice that they may have to break the contracts if Mr. Peter Walker, the Agriculture Minister, bends to pressure to revalue the "Green Pound," so doing away with the 8p a pound levy charged on bacon imports from other EEC countries.

With bacon prices already lower than a year ago, further cuts forced by cheaper imports would push most processors into loss, the curers claim.

But Mr. Samworth said he thought prospects for the pig industry were "very, very good." He told the conference, organised by MLC and Farmers' Weekly magazine, the near-£1m promotional campaign launched by the commission's meat promotion executive meant advertising of British bacon would, for the first time, be comparable with that mounted by the Danes.

He also welcomed the initiative taken by the country's curers in setting up the British Bacon Marketing Group which he hoped would raise the level of quality assurance offered by the British industry.

Referring to the call for a central co-ordinating council for agricultural marketing made by Miss Detta O'Cathain, one of Mr. Walker's marketing advisers, at last month's Oxford Farming Conference, Mr. Samworth gave only cautious support.

Admitting there was need for "some co-ordination", he said it must be discussed whether the council should represent the industry as a whole or be producer dominated.

South Africa to increase maize exports

BY A CORRESPONDENT

SOUTH AFRICA'S maize exports, particularly to non-African countries, are likely to rise sharply this year, according to grain traders in Johannesburg.

One reason for the increase is the expectation of a substantially larger crop than the 10.2m tons harvested last year. Although the Maize Board's first official estimate of the 1981 crop will not be known before March, soaking rains in maize-growing areas in the past fortnight have encouraged crop forecasts of between 10.5m and 10.7m tons.

Mr. Hennie Nel, the Maize Board's general manager, says the "prospects are good."

Total exports are likely to rise from 3.7m tons in the season ending on April 30 to just over 4m tons in the 1981-82 season.

Of last year's exports, between 600,000 and 700,000 tons were shipped to other African countries, including Zimbabwe, Zambia, Mozambique, Zaire and Kenya.

Prospects of a record crop in Zimbabwe this year will result in a sharp fall in South African maize exports to these countries.

Customers

For geographical and political reasons, they will prefer, as far as possible, to replace South Africa with Zimbabwe as a source of esseential foodstuffs.

As a result, exports to non-African destinations, may increase by as much as 1m tons this year. The Maize Board has already begun stepping up its export programme.

It has offered 27 cargoes of maize for shipment in April, compared to 20 in March. The April cargoes include four of white maize—the first time in several months that white maize has been exported.

South Africa's largest maize customers are Taiwan and Japan. However, several countries which claim to boycott South African products, including Iran, Venezuela and the African states, have bought sizeable quantities.

Traders in Johannesburg say a growing number of inquiries have been received from Angola, but it is not certain whether maize has already been shipped there.

Fall in jute goods output

By P. C. Mahanti in Calcutta

INDIAN JUTE goods production increased last year to 1.174m tonnes compared with 977,000 tonnes in 1979. But the production of carpet backing, a high value product, fell to 81,300 tonnes from 108,900 tonnes in 1979, according to figures compiled by the jute mills.

Exports of carpet backing fell sharply to 80,000 tonnes from the previous year's 97,800 tonnes.

The indian jute industry is worried by the overseas price trend for jute goods and has been pressing the Government to restore the compensatory cash assistance scheme.

Meanwhile, a task force of the Indian Commerce Ministry has decided there should be a jute board to oversee the affairs of the industry.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—[illegible] in quiet and routine trading on the London Metal Exchange. Three months moved in a £5 range, mainly reflecting currency fluctuations, and closed the afternoon at £801.5. Turnover: 15,350 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
Wirebars	£	£	£	£
Cash	778-.5	[illegible]	778-6	—
3 months	799-.5	[illegible]	798.5-9	—
Settlem't	778.5	[illegible]	—	
Cathodes				
Cash	775.4	—5	772-4	—
3 months	785-6	—2.75	785-7	+1.5
Settlem't	774	—5	—	
U.S. Prod	—		*92.5	

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £778.5, 78; three months £801, 800.5, 800, 799, 98.5. Cathodes: Three months £786. Kerb: Wirebars. Three months £799.5, 99. Afternoon: Wirebars: Three months £798, 99, 98.5, 99, 99.5, 99, 98.5, 98, 98.5, 99. Kerb: Wirebars: Three months £800, 01, 1.5, 2.

TIN—Marginally firmer. Three months rose to £6,130 in early trading, reflecting the rise at Penang, but ran into profit-taking and hedge selling which pared the price to £6,060 on the morning Kerb. In the afternoon, U.S. interest, coupled with bear covering lifted forward metal to £6,100 by the close of the late Kerb. Turnover: 815 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	5900-10	—82.5	5920-40	+17.5
3 months	6060-5	—55	6085-90	+12.5
Settlem't	5910	—68	—	
Standard				
Cash	5900-10	—82.5	5920-40	+17.5
3 months	6060-5	—55	6085-90	+12.5
Settlem't	5910	—60	—	
Straits E.	$1830.70	+0.24		
New York	—			

Morning: Standard: Three months £6,090, 80, 60, 80, 70. Kerb: Standard: Three months £6,065. Afternoon: Standard: Three months £6,080, 85. Kerb: Standard: Three months £6,100.

LEAD—Gained ground following confirmation that miners at Broken Hill in Australia are to strike from today. After trading between £304 and £307 during the morning forward metal moved up to close the late Kerb at £309 reflecting good buying of cash metal. Turnover: 5,575 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	295-.5	—2.87	297-8	+2.75
3 months	304.5-5	—3	307.5-.8	+5.12
S'ment	295.5	—2.25	—	
U.S. Spot	—		*30	

Morning: Cash £294.5, 95, 96, 95; three months £305, 4. Kerb: Three months £304.5. Afternoon: Three months £305, 5.5, 6, 7, 7.5. Kerb: Three months £307.5, 8, 9, 8.75.

ZINC—Steady with forward metal trading quietly around the £324 to £327 level before closing the late Kerb at £326.5. Turnover: 5,750 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Cash	313-.5	—.5	313-4	+.25
3 months	325-.5	—.25	325-.5	+.75
S'ment	313.5	—.5	—	
Primw'ts	—		*41.5	

Morning: Three months £326.5, 25.5. Kerb: Three months £325.5. Afternoon: Three months £324.5, 25, 25.5. Kerb: Three months £325, 26, 26.5.

ALUMINIUM—Easier as three months drifted from £854 to close the late Kerb at £847. Turnover: 11,800 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Spot	631.5-2.5	—8.25	632-4	—2
3 months	645.5-6.5	+10.7	647-.5	—2.5

Morning: Three months £847, 48, 47.5, 47, 48, 47.5, 47, 46. Kerb: Three months £847. Afternoon: Three months £846, 47, 46, 48, 49, 48.5, 48, 47.5, 48, 47.5. Kerb: Three months £847.5, 47, 47.5, 46.5, 46, 47.

NICKEL—Edged higher on currency considerations to close the late Kerb at £2,745 for three months. Turnover: 192 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
Spot	2775-80	—	2780-90	+15
3 months	2735-40	—5	2760-5	+28

* Cents per pound. ‡ M$ per kilo. † On previous unofficial close.

Morning: Cash £2,785, 80; three months £2,730, 35. Afternoon: Three [illegible]

SILVER

COTTON

COCOA

COCOA	Yes'rday's Close	+ or —	Business Done
March	837-839	+1.0	841-835
May	873-874	+4.0	875-868
July	900-901	+7.0	900-895
Sept.	923-924	+7.0	923-918
Dec.	953-954	+8.0	954-947
March	975-978	+5.0	973
May	993-998	—4.50	995

Sales: 1,942 (946) lots of 10 tonnes.
ICCO Futures—Prices unavailable today due to U.S. holiday.

COFFEE

London was due an unchanged opening and in light volume with no fresh fundamental news performed as expected, reports Drexel Burnham Lambert. Afternoon dealings were slightly more active. But generally conditions were very quiet, although an otherwise mediocre volume was boosted by 2,000 lots of self-trades in the September position.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
March	1024-25	+3.0	1025-19
May	1030-32	—3.5	1034-28
July	1041-42	+4.5	1042-34
Sept.	1051-53	+8.0	1052-43
Nov	1052-57	+9.5	1055-43
Jan	1055-65	+10.0	—
March	1055-84	+12.0	1065

Sales: 3,623 (1,879) lots of 5 tonnes.
ICO Indicator prices unavailable due to U.S. holiday.

GRAINS

LONDON GRAIN FUTURES—Old crop wheat commenced trading at 10p up and values quickly rallied on strong [illegible]

RUBBER

The London physical market opened about unchanged, with little interest throughout the day, closing on a slightly steadier note. Lewis and Peat reported an fob February price for No. 1 RSS in Kuala Lumpur of 298.75 (301.25) cents a kg and SMR 20 at 280 (same) cents.

No 1. R.S.S.	Yest'r'ys close	Previous close	Business Done
Mar.	58.50-57.00	56.00-57.50	56.80
Apr.	57.80-58.80	57.00-58.30	—
Apr-Jne	58.80-59.10	58.80-59.08	58.70
Jly-Sept	62.30-62.40	62.00-62.10	62.40-61.60
Oct-Dec	65.30-65.40	65.10-65.20	65.20-64.50
Jan-Mar	68.30-68.40	68.00-68.10	67.90-67.60
Apl-Jne	71.38-71.40	71.00-71.10	—
Jly-Sept	74.20-74.30	73.80-74.10	—
Oct-Dec	77.30-77.40	76.80-77.09	—

Sales: 159 (116) at 15 tonnes and 1 (same) at 5 tonnes. Physical closing prices (buyer) were: Spot 55.50p (56.00p), March 61.25p (61.00p), April 61.25p (61.50p).

SOYABEAN MEAL

The London Market opened slightly easier on lack of any fresh fundamental news, reports T. G. Roddick. Prices firmed later in the day on trade buying to close 50p-£1 higher.

	Yest'rd'ys Close	+ or —	Business Done
	£ per tonne		
February	—	—	—
April	124.00-25.8	—0.15	125.00-124.80
June	128.50-28.7	+0.85	128.50-127.20
August	130.60-30.4	+0.85	—
October	131.20-31.8	+1.35	131.10
December	131.90-33.8	—	—
February	130.90-35.8	—	—

SUGAR

PRICE CHANGES

MEAT/VEGETABLES

WOOL FUTURES

POTATOES

AMERICAN MARKETS

NEW YORK, Feb. 17.

WEAKNESS IN the dollar plus a late sharp break in interest rate futures produced an impressive rally in precious metals. Copper and sugar were lower on the weakness of the pound. Mill buying in cotton provided support at low levels, generating short-covering which left the market mixed.

[illegible]

55.25, July 56.65-56.75, Aug. 55.75-55.80, Oct. 54.65, Dec. 56.70, Feb. 8.00, April 57.40.

‡‡Maize—March 363½-363¼ (363½), May 375-375½ (374½), July 384½-384, Sept. 381½-382, Dec. 383¼-384, March 393¾.

Pork Bellies—Feb. 59.90 (57.90), March 60.55 (58.55), May 62.87, July [illegible]

EUROPEAN MARKETS

[illegible] April $225, May $225. U.S. No. Two Red Winter March $212, April $215, May $221. U.S. No. Two Northern Spring 14 per cent March $238, April-May $219, May-June-July $219, Aug. $220, Sept. $221.

Maize—Spot $168, Afl $163.50, Feb. $163.50, March $165, April $173, May $175.25, June $179, April-June $175, July-Sept. $188, Oct.-Dec. $179, Jan.-March $190.

Soyabeans—U.S. Two Yellow Gulfports afloat $298, Feb. $298.75, March $303.25, April $312.75, May $317, June $322.75, July $326, Aug. $328.75, Sept. $330, Oct. $331, Nov. $331, Dec. [illegible] Afl. Feb $264, March $270, April $276, May $280, April-Sept. $288, Nov.-March $303. Brazil Pellets Afl. $285, Feb. $284, March $284, April-May $288, April-June $293, April-Sept. $296.50.

PARIS, February 17.

Cocoa (FFr per 100 kilos)—March 958-965, May 985.5-987.5, July 1000, Sept. 1045-1055, Dec. 1072-1080, March 1100-1115, May 1126-1138. Sales at call 1.

Sugar (FFr per tonne)—May 3162-3165, July 3130-3165, Aug. 3110-3120, Oct. 2960-3040, Nov. 2900, Dec. 2880-2900, March 2800-2899, May 2780-2870. Sales at call 5.

INDICES

FINANCIAL TIMES

Feb. 16	Feb. 13	Month ago	Year ago
253.64	253.25	256.86	309.26

(Base: July 1, 1952=100).

MOODY'S

Feb. 13	Feb. 12	Month ago	Year ago
1153.7	1149.8	1202.5	1447.5

(December 31, 1931=100)

DOW JONES

Dow Jones	Feb. 13	Feb. 13	Month ago	Year ago
Spot	422.65	420.88	432.74	459.71
Fut'res	437.48	437.95	451.64	468.04

(Average 1924-25-26=100)

REUTERS

Feb. 17	Feb. 16	M'nth ago	Year ago
1691.8	1696.2	1692.7	1799.6

(Base: September 18, 1931=100).

per pound 0.14; Italian: Passacrassana 0.10-0.12; S. African: Williams Bon Chretien 35 lb 6.80-7.20. Plums—S. African: Kelseys 11 lb 4.40-5.50. Songold 4.96-5.50. Apricots—S. African: 5.50-6.00. Grapes—U.S.: Red Emperor 20 lb wrapped 11.00; S. African: Bien Donne 9 lb 8.00, Dan Ben Hannah 8.00, Alphonse 10.00; Brazilian: Italia 11 lb 10.00; Chilean: Thompson 11 lb 8.50. Peaches—S. African: 20/28 2.50-2.60. Nectarines—S. African: 3.00-3.20. Strawberries—Israeli: 8 oz per punnet 0.60; Mexican: 12 oz 0.90; U.S.: 12 oz 1.00. Pineapples—Ivory Coast: Each 0.50-1.00. Bananas—Colombian: Per pound 0.17-0.18. Melons—Spanish: Green 7/11 4.50-5.00; Ecuador: White [illegible]

Cucumbers—Canary: 10/16 4.20-4.50; Dutch: 4.80-5.00. Capsicums—Canary: 5.20-5.80. Red Capsicums—Canary: 5.50-6.00. Chicory—Belgian: Per box 2.20. Celery—Spanish: 18/36 3.50, Carmel 20/24 4.00. Fennel—Italian: 20 lb 5.50. Aubergines—Canary: 13 lb 6.00.

English Produce: Potatoes—Per bag 1.60-2.20. Mushrooms—Per pound 0.50-0.60. Apples—Per pound Bramleys 0.06-0.14, Spartans 0.14-0.16, Cox's Orange Pippins 0.10-0.24, Russets 0.12-0.15, Laxtons 0.06-0.10. Pears—Per pound, Conference 0.08-0.15, Comice 0.14-0.18. Cabbages—Per bag 1.40, White cabbages 3.00. Cauliflowers—Per 12 2.60-3.00. Beetroots—Per bag 1.40-1.80. Lettuce—Per 12, round 1.60-[illegible]

Equities still concerned about miners' situation but close higher after early falls—Gilts firm again

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Jan. 26	Feb. 5	Feb. 6	Feb. 16
Feb. 9	Feb. 26	Feb. 27	Mar. 9
Mar. 2	Mar. 12	Mar. 13	Mar. 23

* "New time" dealings may take place from 9 am two business days earlier.

Fears *about possible repercussions* of a national strike by miners again undermined investment confidence in London *equity markets yesterday. Labour* unrest in the public sector also influenced underlying sentiment and served to inhibit potential *buyers.*

There was an initial markdown of a few pence or so in the industrial leaders. By mid-day, the selling had dried up and a technical raly had begun. This was well illustrated by the FT 30-share index, *which touched its* lowest of the day at the 11.00 am calculation with a fall of 4.9, but subsequently staged a recovery and ended a net 1.0 up at 485.5.

Sentiment in the late trading was helped by news that the Government is to hold talks tonight, instead of next Monday, with the NCB and the mining unions on the pit crisis. Among the *sectors, Oils remained out of* favour, but values here closed a few pence above the worst.

Elsewhere, trading conditions were subdued, the day's proceedings being enlivened by bid situations and by company trading statements. **F. Pratt**, the subject last week, of an abortive "tea-time" raid, moved sharply higher on the announcement that Bardsey had acquired a 12.6 per cent holding and were considering making an offer for the remaining equity of the company.

Gilt-edged securities maintained a firmer trend with the emphasis again on short-dated issues where fresh gains extended to ⅜. Exceptionally, **Funding 6½** per cent 1985-87, advanced ⅞ to 86¾ following a broker's investment recommendation. Mediums enjoyed a fair measure of interest and also recorded rises of ⅜; the £20-paid *short-medium tap*, **Treasury 12** per cent 1986, closed $\frac{1}{16}$ dearer at 20$\frac{1}{16}$. Longer-dated issues were rather subdued, but edged higher in sympathy with the shorter maturities.

Slightly busier conditions *prevailed in Traded options and* 758 contracts were completed, 50 more than on Monday. A useful business developed in Oil stocks and **BP** and **Lasmo** both recorded 112 trades. **Land Securities** were also active with 110 completed contracts.

Banks quiet

Interest in the major clearing banks remained, at a low ebb ahead of the dividend season which begins with Lloyds on *Friday. Lloyds touched 320p but* recovered to close unaltered at 325p, while **NatWest**, annual results due next Tuesday, slipped *3 to 362p. **Barclays** also shed 3* to 392p but **Midland** put on that much at 328p. In Merchant banks, **Leopold Joseph** continued firmly at 262p, up 2, while **Manson Finance Trust** hardened a like amount to 77p following the satisfactory interim results. **Hambros** lost 12 more on profit-taking to 645p. Hire Purchases drifted lower on lack of support. **Provident Financial** declined 3 to 132p and **Wagon Finance** gave up 2 to 43p.

Lloyds brokers featured ***Brentnall Beard**, 3 down at 19p*, on publication of the annual report and accounts which have been heavily qualified. **Hogg Robinson** cheapened 2 to 102p along with **A. Howden**, at 103p.

Building leaders followed the general pattern and ended the day with alteration after trending lower in the early trade. Elsewhere, **Pochins** encountered sporadic support and firmed 6 to 184p, while **Newarthill** edged up 3 more to a fresh peak for the year of 370p. **Feb International** *issues came to life, the ordinary* rising 4 to 62p and the "A" a similar amount to 54p. In contrast, occasional selling left *Timbers with an easier bias.* **Magnet and Southerns** reacting 4 to 142p and **Travis and Arnold** 3 to 134p.

ICI became a steadier market and closed 2 firmer on balance at 292p, after 288p.

J. Hepworth dull

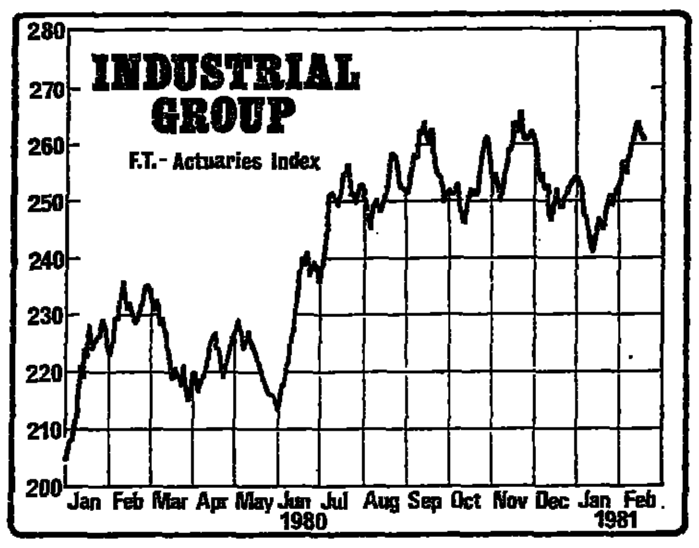
Leading Store movements were *usually restricted to a couple of* pence either way. **Marks and Spencer** eased 2 to 121p and **GUS "A"** gave up 5 at 475p, but **Burton** gained the turn to 113p. Selected secondary counters again succumbed to profit-taking and losses of around 4 were sustained by **Cornell Dresses**, 76p, **Peters**, 112p, and **Cantors "A,"** 47p. **J. Hepworth** declined *5 to 92p, after 90p, after Monday's* announcement that British Land had disposed of 100,000 shares of its holding in the company. **Sumrie Clothes**, where Mr. Harvey Michael Ross has built up a 9 per cent holding, improved 4 more to 41p, but **Ernest Jones (Jewellers)** fell 6 to 108p following disappointing annual results. Dealings in **B. Paradise** were resumed at 50p, compared with the suspension price of 62p, following the acquisitons and rights issue; the new nil-paid shares were quoted at 4p premium.

Leading Electricals regained some composure after Monday's setback. **GEC** eased to 628p initially before rallying to close *a couple of pence harder at 632p*, while **Plessey** rallied 3 to 301p. Secondary issues generally gave ground on small selling and lack of support. ***Electrocomponents*** dipped 20 to 660p, **United Scientific** 13 to 345p and **Automated Securities** 10 to 325p. **Farnell** shed 7 to 348p and **Unitech** 6 to 254p. **Rediffusion** cheapened 3 to 120p after Monday's rise of 6 on details of the sale of a large slice of its Hong Kong TV interests for approximately £9.7m cash.

The Engineering sector was featured by **F. Pratt** which jumped 12 to 114p on the announcement that Bardsey have *acquired a near 13 per cent stake* in the company and are considering making an offer for the outstanding equity share capital; **Bardsey** closed a penny off at 23p, after 22p. Elsewhere, **ML Holdings** continued to benefit from the success of the British Aerospace issue, rising 10 more to 295p. **Birmingham Pallet** added 3 at 33p and **Chamberlin and Hill** *appreciated* 4 at 47p. Despite news that Aurora is to get Government aid to complete the final stages of its rationalisation and modernisation programme at its steelmaking sites, the share price eased 1½ to 25½p. Of the leaders, **John Brown** picked up 1½ to 71½p and **Hawker** hardened 2 to 266p. **Tubes**, however, closed 4 down at 182p; the latter's annual results are due on March 11.

Publicity given to a broker's cautious *circular* prompted marked weakness in **J. Sainsbury**, which settled 14 lower at 351p. Other Food leaders, however, often trended firmer. **Tate and Lyle** added 4 at 168p, and **British Sugar** picked up 3 more *at 268p. **Associated Dairies** were* quoted 172p ex-the-rights issue with the new nil-paid shares at 19p premium.

Grand Metropolitan, down to 158p in the early business, rallied to end 2 better on balance at 162p, helped by the quarterly statement from its newly-acquired subsidiary, Liggett.



Vinten firm

The bleak UK labour scene continued to cloud sentiment in miscellaneous industrial leaders and **Metal Box** lost 10 to 180p, while **Unilever** eased 3 to 452p. Nevertheless, drawing encour*agement from the lower pound,* major exporter **Reckitt and Colman** remained firm at 192p, up 5. **BOC International** held steady at 118p awaiting today's first-quarter results. Elsewhere, **Vinten** rose 12 to 198p, after 200p, in belated response to Press comment and **Fitzwilton** gained 3½ to 48½p, the latter following an investment recommendation. **Securicor** and **Security Services** both hardened 3 to the common level of 186p on buying in front of today's preliminary figures. Upset by the chairman's forecast of further losses, **Manchester Ship** *Canal fell 5 more to 145p.* **Aeronautical and General Instruments** gave up 20 to 380p and **Carlton Industries** eased 10 to 255p.

News that **Lucas** is to form a joint company with BP to develop solar power systems prompted good late support for the former which rose 7 to 166p. *Elsewhere in Motors*, **Henlys**, 78p, lost most of the previous day's gain of 4 which stemmed from Press mention, but **Adams** *and **Gibbon**, 49p, added a couple* of pence in front of tomorrow's full-year results.

Newspapers were idle. **Associated** eased a couple of pence to 263p, while **News International** fell 5 to 90p. **BPC** held at 16p following details of Pergamon's rescue operation, while **Inveresk** added a penny at 32p, the latter despite the annual loss and dividend passing.

Properties regained early losses as hopes of lower interest rates revived and **Land Securities** closed *only* the turn down at 394p, after 390p, while **MEPC** settled a penny harder at 235p, after 233p. **Property Securities** reverted from 196p to the overnight level of 200p, but **M. P. Kent**, 114p, and **Rush and Tomkins**, 216p, lost 4 apiece. Against the trend, **Greycoat Estates** improved 2 to a 1980/81 high of 197p.

Oils succumb

Leading Oils were not immune from the general uncertainty and **British Petroleum** fell to 388p before rallying to close a net 6 down at 392p. Light selling and the absence of support lowered **Shell**, 402p, and **Ultramar**, 465p, by 8, while **KCA** *and **Premier** shed* about 5 to 161p and 97p respectively. Among the more speculative contenders, double-figure falls were *sustained* by **Berkeley**, 232p, and **CCP North Sea**, 278p. In the Overseas section, **Ranger Oil** were marginally harder at 650p following details of the Kissinger Petroleum acquisition.

Speculative attention was again *directed* towards ***Assam Trading B***, 4 dearer for a two-day rise of 9 to 61p.

Stockjobbers **Smith Bros.** firmed 2 to 40p ahead of Thursday's interim results.

Small sellers continued to dominate Shippings. **Ocean Transport** shed 3 at 130p and **Common Bros.** slipped 5 further *to 298p.* **P & O** gave up 2 at 121p.

Strata under pressure

Mining markets were featured by the weakness of Australians, and in particular the Strata/ *Haoma/North West Mining* group of companies, following the failure of the Woodada No. 3 well to flow oil or gas in substantial quantities.

The temporary suspension of the well, owing to mechanical *difficulties*, proved a major disappointment for Strata, which plummeted 40 to 174p, while the company's major shareholders ***Haoma** and **North West** dropped* 20 and 14 to 112p and 66p respectively.

The UK-registered **Hampton Trust**, which is currently engaged in purchasing a 3.5 per cent interest in the Woodada field, gave up 8 at 56p.

Other Australians lost ground in sympathy. **Western Mining** dipped 8 to 227p, while new lows *for 1980/81 were registered by* **CRA**, 6 cheaper at 216p, and **Bougainville**, 2 down at 76p.

On the other hand, the strength of the bullion price—finally $14 higher at $504.50 an ounce—encouraged persistent support for South African Golds which moved ahead throughout the day to close higher for the third successive trading day. The *Gold Mines index rose a further* 9.4 to 325.9.

In the heavyweights, gains of around a point were common to **Hartebeest**, £26, and **Western Holdings**, £31¾, while **West Driefontein** put on ¾ to £31¾ and **Buffels** a half-point to £17½.

Medium- and lower-priced issues showed **Stillfontein** 31 up at 850p, **Doornfontein** 42 to the good at 730p, and **Blyvoor** 24 firmer at 690p.

South African Financials made further progress as did the London issues. Among the former, "**Johnnies**" moved up ¾ to £27½, while **Rio Tinto-Zinc** were outstanding in the latter with a further 5 gain to 405p—a two-day improvement of 22. **Gold Fields** added a similar amount at 432p and **Charter** 3 to 228p.

Widespread and persistent buying interest prompted good gains in Platinums. **Impala** advanced to 342p ahead of the half-year results but fell back *to close only 7 up on balance at* 332p on disappointment with the unchanged interim dividend.

FINANCIAL TIMES STOCK INDICES

	Feb. 17	Feb. 16	Feb. 13	Feb. 12	Feb. 11	Feb. 10	A year ago
Government Secs.	69.13	69.09	69.01	69.07	69.10	69.06	65.96
Fixed Interest	70.67	70.65	70.63	70.56	70.44	70.41	66.94
Industrial Ord.	485.5	484.5	493.2	490.0	486.3	486.5	461.8
Gold Mines	325.9	316.5	314.2	307.0	314.6	334.5	351.8
Ord. Div. Yield	7.40	7.41	7.27	7.32	7.38	7.39	7.18
Earnings, Yld.%(full)	16.47	16.49	16.19	16.36	16.49	16.52	17.67
P/E Ratio (net) (*)	7.43	7.42	7.56	7.47	7.41	7.40	6.93
Total Bargains	22,224	23,797	19,820	20,386	21,755	23,029	18,217
Equity turnover £m.	—	111.65	119.61	129.09	109.93	128.87	86.05
Equity bargains total	—	17,163	15,228	15,126	16,503	18,194	13,994

10 am 482.5 11 am 479.6. Noon 481.7. 1 pm 483.5.
2 pm 483.5. 3 pm 483.5.
Latest Index 01-246 8026.
*Nil = 6.86.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Od. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1980/81 High	1980/81 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	72.54 (21/7/80)	63.85 (7/5/80)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	74.08 (24/7/80)	64.70 (10/3/80)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	516.9 (21/11/80)	405.9 (5/1/80)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	558.9 (22/9/80)	365.5 (18/6/80)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	Feb. 17	Feb. 16
—Daily		
Gilt Edged	157.0	151.1
Industrials	113.2	109.6
Speculative	34.5	23.2
Totals	80.2	73.1
5-day Avrge.		
Gilt Edged	125.7	115.4
Industrials	105.7	105.3
Speculative	29.7	38.8
Totals	72.1	71.6

NEW HIGHS AND LOWS FOR 1980/81

The following shares quoted in the Share Information Service yesterday attained new Highs and Lows for 1980-81.

NEW HIGHS (48)

BRITISH FUNDS (15)
Treas. 9¼pc 1981; Treas. 9¼pc 1983; Excheq. 8¼pc 1981; Fndng. 5½pc '82-84; Do. 9½pc 1981; Excheq. 3pc 1984; Treas. 3pc 1982; Treas. 3pc 1985; Do. 8¼pc 1982; Do. A; Excheq. 9¼pc 1982; Do. 12pc 86 (£20pd); Do. 9¼pc 1983; Do. 12pc 1987; Do. 3½pc 1983

CORPORATION LOANS (1)
LCC 5½pc 77-81

CANADIANS (1)
Royal Bk. of Canada

BANKS (2)
Joseph (L.); Nat. Bank Aust.; Manson Finance

BUILDINGS (4)
Feb. Intl.; MDW; Finlan (John); Newarthill

STORES (3)
Menzies (J.); Sumrie; NSS News

ELECTRICALS (1)
BICC

ENGINEERING (4)
B'ham Mint; Pratt (F.)

FOODS (3)
Banks (Sidney C.); Cullens A; British Vending

INDUSTRIALS (9)
Bibby (J.); Security Services; Renown Inc.; Do. A N/V; Rooney; Swedish Match; Securicor; Vinten; Do. A N/V

LEISURE (1)
Boosey and Hawkes

PROPERTY (1)
Greycoat Estates

TEXTILES (2)
Miller (F.); Textured Jersey

TRUSTS (1)
Channel Is. Income

OVERSEAS TRADERS (1)
Nesco Invests.

NEW LOWS (22)

BUILDINGS (1)
Roberts Adlard

STORES (2)
Goodman Bros.; Pawson (W. L.)

ELECTRICALS (3)
AB Electronic; Utd. Electronic; Derritron

ENGINEERING (3)
Castings; Rotork; Renold

INDUSTRIALS (3)
Amber Ind.; Dobson Park; Kolle and Nolan; London Merch.

MOTORS (2)
Delight; Woodhead (J.)

NEWSPAPERS (2)
Haynes Pub.; Home Counties

TEXTILES (1)
Martin (A.)

TRUSTS (1)
Energy Finance

MINES (2)
Bougainville; CRA

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	61	4	29
Corpns., Dom. and Foreign Bonds	8	—	57
Industrials	145	380	882
Financial and Prop.	44	214	240
Oils	7	45	18
Plantations	6	4	13
Mines	57	42	48
Others	11	23	119
Totals	339	713	1,403

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tues., Feb. 17, 1981 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Mon. Feb. 16 Index No.	Fri. Feb. 13 Index No.	Thurs. Feb. 12 Index No.	Wed. Feb. 11 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (211)	300.64	−0.2	13.88	5.48	8.79	301.21	304.44	301.67	298.13	245.57
2	Building Materials (26)	271.02	−0.4	17.26	6.37	6.91	272.19	275.25	270.39	268.12	238.75
3	Contracting, Construction (26)	465.05	−0.6	19.62	5.46	6.13	467.96	467.40	460.43	457.98	372.75
4	Electricals (27)	990.84	+0.1	8.81	2.64	14.03	990.14	1004.90	998.99	985.56	635.90
5	Engineering Contractors (11)	398.76	−0.3	14.95	6.49	8.53	400.13	408.39	404.04	399.63	300.01
6	Mechanical Engineering (71)	175.48	−0.3	16.68	7.60	7.50	176.81	177.54	176.53	173.71	168.63
8	Metals and Metal Forming (13)	140.16	−0.5	18.82	11.91	6.74	140.91	142.83	140.75	139.12	164.51
9	Motors (21)	87.42	+0.5	21.96	9.48	5.25	86.95	87.18	87.26	87.19	111.59
10	Other Industrial Materials (16)	302.04	−0.4	15.17	7.11	7.84	303.39	304.53	301.07	297.69	0.00
21	CONSUMER GROUP (198)	245.08	−0.7	15.39	6.44	7.89	246.76	248.90	247.85	246.25	222.26
22	Brewers and Distillers (20)	267.28	+0.1	17.33	6.84	6.85	266.95	268.73	267.42	264.88	260.44
25	Food Manufacturing (23)	219.67	−0.4	17.90	7.21	6.63	220.66	221.38	221.52	220.28	203.58
26	Food Retailing (14)	460.41	−2.2	9.78	3.49	12.08	470.59	475.35	473.72	474.20	305.39
27	Health and Household Products (7)	264.77	−0.3	10.05	5.39	11.83	265.64	272.23	270.45	267.64	213.39
29	Leisure (22)	348.82	−0.7	16.03	6.56	7.69	351.35	352.76	350.91	348.02	306.96
32	Newspapers, Publishing (12)	438.95	−0.7	20.79	7.10	6.24	442.14	443.13	440.18	439.89	449.13
33	Packaging and Paper (15)	119.96	−1.1	26.62	10.12	4.35	121.32	122.18	121.50	120.22	131.06
34	Stores (44)	255.89	−0.9	11.63	4.92	11.26	258.09	260.79	259.33	258.63	217.50
35	Textiles (21)	131.20	−0.7	19.58	10.28	6.67	132.14	132.85	132.10	131.35	134.65
36	Tobaccos (3)	222.13	−0.9	24.40	10.48	4.71	224.10	225.29	224.78	221.41	208.76
39	Other Consumer (17)	239.57	−0.7	15.92	8.83	7.69	241.22	240.17	238.50	235.87	0.00
41	OTHER GROUPS (79)	216.47	−0.2	18.14	7.89	6.59	217.01	220.00	217.59	215.49	211.02
42	Chemicals (15)	280.59	+0.4	20.82	9.46	5.62	279.37	287.36	282.64	279.25	312.81
44	Office Equipment (6)	101.03	−0.5	18.42	8.22	6.44	101.54	102.29	102.12	100.21	119.17
45	Shipping and Transport (13)	563.03	−1.1	13.45	6.53	9.12	569.07	571.94	564.23	564.83	477.30
46	Miscellaneous (45)	266.20	−0.7	16.64	6.41	7.39	268.08	268.29	266.83	264.50	248.95
49	INDUSTRIAL GROUP (488)	260.63	−0.4	15.22	6.29	7.97	261.79	264.44	262.61	260.30	232.02
51	Oils (12)	834.93	−1.7	28.76	6.30	3.87	849.03	869.83	870.21	870.59	809.25
59	500 SHARE INDEX	306.17	−0.7	18.09	6.29	6.51	308.34	312.41	310.75	308.64	277.51
61	FINANCIAL GROUP (118)	241.07	−0.3	—	5.54	—	241.76	245.37	246.27	243.40	199.04
62	Banks (6)	232.16	−0.4	44.07	7.35	2.72	233.12	240.39	242.31	238.41	231.97
63	Discount Houses (10)	305.77	−1.2	—	5.88	—	309.55	309.55	309.18	305.62	237.19
64	Hire Purchase (5)	224.87	−1.4	10.11	4.56	13.05	227.98	229.24	226.58	218.12	178.42
65	Insurance (Life) (10)	248.90	—	—	5.30	—	249.82	254.66	260.24	258.13	171.91
66	Insurance (Composite) (9)	151.64	+0.1	—	7.72	—	151.48	152.52	154.69	154.22	130.22
67	Insurance Brokers (9)	332.84	−0.7	13.70	6.96	9.98	335.22	326.73	316.45	311.95	282.35
68	Merchant Banks (13)	148.74	+0.2	—	5.20	—	148.42	150.27	149.52	147.48	105.83
69	Property (45)	476.56	−0.5	3.11	2.61	44.60	478.73	486.08	483.50	476.52	363.20
70	Miscellaneous (11)	175.45	−0.4	15.63	5.27	8.13	176.07	176.61	176.06	175.05	133.85
71	Investment Trusts (109)	281.68	−0.7	—	5.41	—	283.72	284.71	284.08	281.00	232.10
81	Mining Finance (3)	212.47	+1.3	15.37	6.31	7.75	209.70	204.27	204.21	203.87	221.37
91	Overseas Traders (20)	440.02	+0.3	11.61	6.93	10.50	438.62	433.58	437.53	428.37	423.33
99	ALL-SHARE INDEX (750)	292.64	−0.6	—	6.11	—	294.27	297.62	296.72	294.30	260.63

FIXED INTEREST PRICE INDICES

	British Government	Tues. Feb. 17	Day's change %	Mon. Feb. 16	xd adj. today	xd adj. 1981 to date
1	Under 5 years	107.50	+0.23	107.57	0.32	2.28
2	5-15 years	110.03	+0.22	109.79	—	1.89
3	Over 15 years	113.18	+0.13	113.84	0.81	1.66
4	Irredeemables	128.08	+0.05	128.02	—	0.00
5	All stocks	109.96	+0.19	110.13	0.38	1.88

FIXED INTEREST YIELDS British Govt. Av. Gross Red.

			Tues. Feb. 17	Mon. Feb. 16	Year ago (approx.)
1	Low Coupons	5 years	11.40	11.50	12.93
2		15 years	12.29	12.28	12.73
3		25 years	12.45	12.43	12.73
4	Medium Coupons	5 years	13.27	13.34	14.97
5		15 years	13.88	13.91	14.29
6		25 years	13.66	13.67	14.12
7	High Coupons	5 years	13.27	13.31	15.11
8		15 years	14.10	14.12	14.64
9		25 years	13.88	13.89	14.57
10	Irredeemables		11.60	11.61	11.50

		Tues., Feb. 17 Index No.	Tues., Feb. 17 Yield %	Mon. Feb. 16	Friday Feb. 13	Thur. Feb. 12	Wed. Feb. 11	Tues. Feb. 10	Mon. Feb. 9	Friday Feb. 6	Year ago (approx.)
15	20-yr. Red. Deb. & Loans (15)	52.29	†14.16	54.29	62.27	53.25	52.09	52.07	52.07	52.13	51.05
16	Investment Trust Prefs. (15)	50.71	13.35	50.71	50.89	50.89	50.64	50.64	50.64	50.69	48.34
17	Coml. and Indl. Prefs. (20)	67.32	13.34	67.35	67.14	67.14	68.38	68.38	68.32	68.27	61.70

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A new list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 22½p.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1980-81 high	1980-81 low
GEC	25p	11	632	+2	653	326
Shell Transport	25p	9	402	−8	522	314
Ass. Dairies 'New'	Nil/pd.	8	19pm	—	19pm	17pm
Beecham	25p	8	176	−2	185	108
BP	25p	7	392	−6	502	320
Marks & Spencer	25p	7	121	−2	126	77
Plessey	50p	7	301	+3	305	108
Burmah Oil	£1	6	176	−3	249	162
Fisons	£1	6	127	−1	304	112
ICL	25p	6	42	+1	196	31
ICI	£1	6	292	+2	402	282
RTZ	25p	6	405	+5	486	322
BAT Inds.	25p	5	280	−2	295	223
Courtaulds	25p	5	56	—	87	49
Hawker Siddeley	25p	5	266	+2	280	158

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Feb. 16	Feb. 27	May 28	June 8
Mar. 9	Mar. 20	June 11	June 22
Mar. 23	Apr. 3	June 25	July 6

For rate indications see end of Share Information Service

Stocks favoured for the call included Chubb, Tubes, Premier Oil, Charterhall, May and Hassell, Reardon Smith A, Trafalgar House, Dunlop, Carrington Viyella, Comfort Hotels and Burmah. Puts were taken out in Wimpey and Hongkong Banking, while doubles were arranged in BP and Peachey Properties.

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1980/81 High	1980/81 Low	Stock	Closing Price p	+ or −	Div.	Times Covered	Gross Yield	P/E Ratio
610	F.P.	—	650	600	Crampthorn	650					
10p	Nil	—	15	9	Crt'Int'lBcs10p	13½					
5½	F.P.	—	6½	6½	Dunton 5p	7½					
100	F.P.	—	102	95	New Darien Oil Trust	96					
42p	F.P.	—	49	42	Oil & Gas Production	40					
4.2p	P.P.	—	16	8	Do.	[illegible]					
—	F.P.	—	128	120	Parkfield Foundries	128					
50	F.P.	—	14	11	Pennine	14					
81½	F.P.	—	106	96	Sonic Sound Audio	98					
—	F.P.	—	84	72	Westpool Inv. Deb.	87					

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1980-81 High	1980-81 Low	Stock	Closing Price £	+ or −
100p	F.P.	—	111	100½	Allied London 8½% Cnv. Uns. Ln. 1999	106½	
—	F.P.	—	28½	106	Cowan de Groot 11.375% Cum. Red. Pref.	106	
—	F.P.	—	122	102½	Crystalate 9½% Cnv. Uns. Ln. '99-2000	113	
—	F.P.	—	29	25	Essex Waterworks 8½% Red. Prf. 1985	26	
96	—	—	—	—	Iceland 12½% [illegible]	—	
£100	—	—	—	—	Lon. Merchant Secs. [illegible]	—	
—	—	—	—	—	Mid-Sussex W'w'ks [illegible]	—	
—	—	—	—	—	Paterson-Zochonis 11% Cum. Pref.	—	
—	—	—	—	—	Portals 9½% Cnv. 1994-2000	118	

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1980/81 High	1980/81 Low	Stock	Closing Price p	+ or −
65p	Nil	—	—	—	Argyll Foods	53pm	
164p	Nil	—	—	—	Assoc. Dairies	19pm	
30	F.P.	—	—	—	Bentox	34	
115	F.P.	—	—	—	Brotherhood P.	146	
45	F.P.	—	—	—	Hampton Trust	56	
154	F.P.	—	—	—	Johnson, Matthey	207	
—	—	—	—	—	North Kalgurli Mines	30	
45p	Nil	—	—	—	Paradise B.	4pm	
50	F.P.	—	—	—	Norcros	81	
320	F.P.	—	—	—	Rowntree Mackintosh	357	

Renunciation date usually last day for dealing free of stamp duty. [illegible]

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Frankfurt Trust Investment—GmbH
Neue Mainzer Strasse 74-76, D-6000 Frankfurt
FT-Interzins | DM37.57 | 41.06 | +0.15 | —
Frankft. Effekt. Fd. | DM49.48 | 52.08 | −0.10 | —

Free World Fund Ltd.
Butterfield Bldg., Hamilton, Bermuda.
NAV Dec. 31 | US$145.99 | — | —

G.T. Management Ltd.
Park Hse., 16 Finsbury Circus, London EC2
Tel: 01-628 8131. TLX: 886100
London Agents for:
Anchor 'B' Units | US$1.76 | 1.81 | 1.20
Anchor Gilt Edge | £9.18 | 9.24 | +0.03 | 13.74
Anchor Int. Fd. | US$8.58 | 8.81 | 1.20
Anchor In. Jsy. Tst. | 40.8 | 43.6 | 2.75
Berry Pac Fd. | US$61.37 | 0.90
Berry Pac Strlg. | £3.29 | 3.4424 | 1.20
G.T. Asia Fd. | HK$21.32 | 1.17
G.T. Asia Sterling | £26.79 | 27.89 | 1.49
G.T. Australia Fd. | A$38.12 | 0.76
G.T. Bond Fund | $US11.64 | −0.22 | 11.16
G.T. Dollar Fd. | US$12.60 | 1.19

[illegible]

Kleinwort Benson Group; Kredietbank N.V.; Lazard Brothers & Co. (Jersey) Ltd.; Lloyds Bk. (C.I.) U/T Mgrs.; Lloyds Bank International, Geneva; M & G Group; Gartmore Invest. Ltd. Ldn. Agts.; Hambros Pacific Fund Mgmt. Ltd.; Hambros Fd. Mgrs. (C.I.) Ltd.; Henderson Admin. (Guernsey) Ltd.; Hill Samuel & Co. (Guernsey) Ltd.; International Pacific Inv. Mgmt. Ltd.; Jardine Fleming & Co. Ltd.; Kemp-Gee Management, Jersey Ltd.; Keyser Ullmann Ltd.; King & Shaxson Mgrs.; Leopold Joseph & Sons (Guernsey); Midland Bank Tst. Corp. (Jersey) Ltd.; Murray, Johnstone (Inv. Adviser); Negit S.A.; Pacific Basin Fund; Phoenix International; Prolific Capital Life Ass. (C.I.); Rothschild Asset Management (C.I.); Rothschild Asset Mgt. (Bermuda); Save & Prosper International; Schroder Life Group; Schroder Mngt. Services (Jersey) Ltd.; J. Henry Schroder Wagg & Co. Ltd.; Sentry Assurance International Ltd.; Singer & Friedlander Ldn. Agents; Stronghold Management Limited; Surinvest (Jersey) Ltd.; Surinvest Trust Managers Ltd.; TSB Unit Trust Managers (C.I.) Ltd.; Tokyo Pacific Holdings N.V.; Tyndall Group; Utd. Intl. Mngmnt. (C.I.) Ltd.; Warburg S. G. & Co. Ltd.; World Wide Growth Management; Wren Commodity Management Ltd. [illegible]

NOTES [illegible]

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

M & G Group (y)(c)(z)

Three Quays, Tower Hill, EC3R 6BQ. 01-626 4588
See also Stock Exchange Dealings.

American	59.8	64.3	-0.1	2.18
(Accum. Units)	64.2	69.0	-0.1	2.18
American Recovery	66.4	71.0	-0.1	1.81
(Accum. Units)	68.2	73.0	-0.1	1.81
Australasian	111.1	118.9	-1.5	0.69
(Accum. Units)	116.4	124.5	-1.5	0.69
Commodity	136.6	146.2	+0.8	3.20
(Accum. Units)	160.7	171.9	+0.9	3.20
Compound Growth	181.6	194.3	+0.8	3.17
Conversion Growth	111.7	119.5	+0.2	2.72
Conversion Inc.	68.1	72.9	+0.4	10.79
Dividend	127.0	135.9	+0.4	9.49
(Accum. Units)	282.6	302.4	+0.8	9.49
European	57.7	61.7	----	4.49
(Accum. Units)	63.2	67.6	----	4.49
Extra Yield	81.8	87.5	+0.2	10.57
(Accum. Units)	128.0	137.0	+0.2	10.57
Far Eastern	110.3	118.0	-0.3	1.18
(Accum. Units)	125.7	134.5	-0.4	1.18
Fund of Inc. Tsts.	91.9	99.3	----	4.72
(Accum. Units)	123.0	132.8	+0.1	4.72
General	218.2	234.6	+0.7	6.27
(Accum. Units)	378.1	406.5	+1.1	6.27
Gilt	47.6	50.0	----	12.54
(Accum. Units)	48.3	50.7	----	12.54
High Income	101.9	109.0	+0.3	10.76
(Accum. Units)	202.5	216.7	+0.5	10.76
Japan	164.2	175.7	-0.5	0.57
(Accum. Units)	172.4	184.5	-0.5	0.57
Magnum	338.3	358.6	-1.1	5.19
(Accum. Units)	467.8	495.9	-1.5	5.19
Midland	155.2	166.1	+0.6	10.02
(Accum. Units)	297.5	318.3	+1.3	10.02
Recovery	121.3	129.8	-0.6	6.11
(Accum. Units)	135.6	145.1	-0.6	6.11
Second Gen.	241.1	260.4	+1.1	5.19
(Accum. Units)	402.6	434.8	+1.9	5.19
Smaller Companies	252.1	269.7	+0.4	4.57
(Accum. Units)	345.6	369.8	+0.6	4.57
Specialised Funds				
Trustee	167.9	179.6	+0.1	7.11
(Accum. Units)	375.9	402.2	----	7.11
Charibon Feb. 10		96.9	----	13.74
Charifund Feb. 10	158.1	160.5	+2.1	8.90
Pension Ex. Feb. 16	173.6	183.2	----	6.29

ManuLife Management Ltd.

St. George's Way, Stevenage. 0438 56101

INSURANCE PROPERTY BONDS

OFFSHORE & OVERSEAS FUNDS

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

94¾	82¼	Aust. 5½pc '81-82	94¼	.....	5.96	13.03
85⅝	72½	Do. 6pc 1981-83	85¼	.....	7.14	12.94
67¼	58	N.Z. 7¼pc 1988-92	65¼	.....	11.25	13.42
82¼	72	Do. 7½pc '83-86	78¾	.....	9.67	13.59
98	88	Sth. Africa 9½pc '79-81	98	.....	9.96	16.42
160	95	S. Rhod. 2½pc Non-Ass.	118	+1	—	—
50	31	Do. 3½pc 80-85 Asstd.	48xd	.....	7.29	22.10
32	20½	Do. 4½pc 87-92 Asstd.	28	....	16.12	22.43
381	270	Zimbabwe Ann (£100pa)	350	+5	—	26.94

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS—Continued

ENGINEERING MACHINE TOOLS

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

FINANCIAL TIMES

PUBLISHED IN LONDON & FRANKFURT

Head Office: The Financial Times Limited, Bracken House, 10 Cannon Street, London EC4P 4BY

Telex: Editorial 8954871. Advertisements: 885033. Telegrams: Finantimo, London.

Telephone: 01-248 8000.

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OIL AND GAS

OVERSEAS TRADERS

1980-81 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
*120	72	Lonrho	100xd	+1	10.0	ϕ	14.3	ϕ
53½	37	Mitchell Cotts	45½	......	3.61	1.5	11.3	(7.1)
143	88	Nesco Invests.	143	+1	t7.0	1.1	7.2	(21.5)
45½	32	Ocean Wlsns. 20p	41	......	h2.25	1.1	7.8	(17.1)
480	170	Pat'son. Zoch. 10p	475	−2	10.5	5.7	3.2	7.9
475	170	Do. 'A' N/V 10p	470	−5	10.5	5.7	3.2	7.8
88	55	Sime Darby M$0.5	83	−1	Q13c	2.6	3.2	11.9
175	113	Steel Bros.	132	......	ϕ8.0	3.1	8.7	4.8
83	49	Tozer Kems. 20p	51	−1	4.77	3.2	13.4	2.9
£97	£84	Do. 8pc Ln. '81	£97	......	Q8%	22.73	f8.5	—
34	20	U. City Merc. 10p	22	+2	d2.4	2.4	9.1	6.6
33	20	Do. 10pc Ln. 16p	22	+2	Q10%	80.4	f8.4	—
*219	122	Warren Plants.	212	−3	t10.0	2.7	6.7	7.8

RUBBERS AND SISALS

1980-81 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
143	95	Anglo-Indones'n	120	−3	t3.33	3.2	4.0
127	73	Barlow Hldgs. 10p	113	+2	3.0	1.1	3.8
81	37	Bertam Cons. 10p	75	+2	0.8	1.8	1.5
550	305	Castlefield 10p	475	+5	6.0	2.3	1.8
57	39½	Cons. Plants M$0.5	48	......	Q18c	2.2	7.6
9½	6	Grand Central 10p	6	......	—	—	—
912	628	Guthrie £1	750xd	......	†30.0	1.1	5.7
223	154	Harrisons Mly. Est. 10p	183	−2	8.0	1.8	6.2
61	45½	Highlands M50c	52	......	hQ15c	1.2	6.7
116	73	Kuala Kepong M$1	112	+1	Q25c	ϕ	4.4
58½	40	††Kulim M50c	52½	−½	Q12c	1.7	4.5
460	288	Ldn. Sumatra 10p	358	+1	ϕ8.0	3.3	3.2
130	41½	Malakoff M$1	119	−2	bQ10c	ϕ	1.6
66	49	Malay. Plants. M$1	62	+1	Q18c	1.3	5.6
197	155	Rightwise 10p	160	......	—	—	—

TEAS

India and Bangladesh

1980-81 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
310	225	Assam Dooars £1	225	......	6.0	0.4	3.8
250	198	Assam Frontier £1	198	......	10.0	2.3	7.2
470	347	Lawrie Plants £1	385	......	18.5	2.9	6.9
380	278	McLeod Russel £1	287	......	15.0	1.8	7.5
330	265	Moran £1	270	......	8.0	0.8	4.2
263	180	Williamson £1	190	......	t8.33	1.8	6.3

Sri Lanka

1980-81 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
400	305	Lunuva £1	375	......	†17.0	1.0	6.5

Africa

1980-81 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
90	57	Ruo Estates	57	......	4.5	2.8	11.3

MINES

Central Rand

1980-81 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
£22¼	642	Durban Deep R1	837	+16	tQ460c	ϕ	31.5
*£17½	659	East Rand Prp. R1	837	+16	Q370c	ϕ	25.3
£46½	£23⅞	Randfont'n Est. R2	£26¼	+⅞	Q1100c	ϕ	24.0
432	119	West Rand R1	167	−2	Q17½c	ϕ	6.0

Eastern Rand

1980-81 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
280	122	Bracken 90c	159	+6	Q84c	1.5	30.2
224	31	East Daggá R1	88xd	−1	Q15c	ϕ	9.8
680	301	ERGO R0.50	407	+19	tQ110c	1.5	15.3
665	249	Grootvlei 25c	370	+15	Q204c	ϕ	31.6

Far West Rand

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MINES—Continued

Australian

1980-81 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
37	21	Acmex 50c	35	......	Q2.5c	—	3.7
28	12	ACM 20c	17	+1	—	—	—
19	14	Argosy Gold NL 25c	16	......	—	—	—
*199	46½	Bond Corp.	160	......	Q7.5c	1.9	2.8
156	76	Bougainville I Kina	76	−2	Q26.5c	ϕ	17.3
*350	216	CRA 50c	216	−6	Q19c	ϕ	4.3
25	11½	Canada Northwest	17½	−½	—	—	—
42	8	Carr Boyd 20c	18	−1	—	—	—
545	152½	Central Pacific	283	−5	—	—	—
36½	9¾	Cons. Gold Min. N.L. 50c	35	......	—	—	—
47	17	Cultus Pacific N.L.	43	+1	—	—	—
52	20	Eagle Corp. 10c	30	......	—	—	—
41	15¾	Endeavour 20c	37½	−1	—	—	—
600	175	G. M. Kalgoorlie 25c	325	−5	tQ13c	ϕ	0.5
46	13	Great Eastern	14	......	—	—	—
*275	117	Hampton Areas 10p	220	−5	t2.5	2.4	1.6
*168	30	Haoma Gold N.L.	112	−20	—	—	—
95	15	Intl. Mining	58	−2	—	—	—
390	11	Kitchener NL 25c	180	......	—	—	—
720	65	Leichardt Expln.	70	−10	—	—	—
500	300	Meekatharra	380#	......	—	—	—
48	7	Metals Energy	19	−1	—	—	2.6
91	41	Metals Ex. 50c	50	......	$Q3c	2.9	2.9
39	8½	Metramar Mns. 20cts.	25	......	—	—	—
284	156	M.I.M. Hldgs. 50c	196	−1	ϕQ27.6c	1.7	‡
26	7	Minefields Expl. 25c	16	......	—	—	—
155	60	Mount Lyell 25c	83	−1	tQ15c	1.7	9.4
28	15	Newmetal 20c	16	−2	—	—	—
69	13	Nickelore N.L.	49	......	—	—	—
214	137	North B. Hill 50c	151	+1	Q18c	3.1	5.9
*106	31	Nth. Kalgurli	56	......	—	—	—
165	90	Nth. Mining Corp.	98	−2	—	—	—
*144	24	N. West Mining N.L.	66	−14	—	—	—
*132	52	Oakbridge 50c	107	−1	tQ12c	1.1	5.7
200	70	Otter N. L.	145	......	—	—	—
240	128	Pacific Copper	168	−2	—	—	—
620	255	Pancont'l 25c	475	−5	—	—	—
78	42	Paringa M&Ex. 5p	46	−1	—	—	—
625	335	Peko-Wallsend 50c	400	−10	tQ17.5c	ϕ	2.3
230	85	Seltrust A.	95	−5	—	—	—
206	57½	Southern Pacific	101	−8	—	—	—
100	31	Swan Resources 20c	55	−1	—	—	—
34	8	West Coast 25c	15	......	—	—	—
332	177	Westn. Mining 50c	227	−8	Q14c	1.6	3.2
45	10	Westmex	22	......	—	—	—
108	54	Whim Creek 20c	56	+2	—	—	—
101	10½	York Resources	80	+1	—	—	—

Tins

1980-81 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
25	10	Amal Nigeria 1p	13	......	‡t6.0	—	—
370	255	Ayer Hitam $M1	275	......	Q205c	1.0	14.4
72	42	Beralt Tin	67	......	4.5	3.2	9.6
308	149½	Berjuntai $M1	270	......	Q85c	ϕ	6.3
230	135	Geevor	135	−5	‡8.4	1.9	‡
12½	8	Gold & Base 12½p	8	......	—	—	—
810	310	Gopeng Cons.	640	......	Z21.0	ϕ	4.7
450	280	Hongkong	415	......	‡35.87	ϕ	‡
145	90	Idris 10p	125	......	Z6.0	ϕ	6.9
15	12½	Jantar 12½p	14	......	1.5	ϕ	15.3
118	64	Kamunting $M0.50	95	......	‡Q80c	1.0	‡
600	150	Killinghall $M1	600xd	......	Q100c	ϕ	3.2
128	48½	Malay Dredging 10c	114#	......	ϕbQ38c	0.9	6.4
43	26	Pahang	38	+1	0.44	0.3	1.7
120	83	Pengkalen 10p	98	......	3.5	ϕ	5.1
415	230	Petaling $M1	370	......	Q180c	ϕ	9.4
44	18	South Crofty 10p	23	......	‡1.0	ϕ	‡
305	205	Sungei Besi $M1	205	......	‡Q480c	1.1	‡
115	22½	Supreme Corp. $M1	110	......	gQ15½c	ϕ	2.7
125	90	Tanjong 15p	117	......	Z1.5	ϕ	1.9
115	78	Tongkah H. Tin $M1	80	......	Q23%	0.4	5.7
480	220	Tronoh $M1	380	−10	‡Q250c	0.7	‡

Copper

1980-81 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
260	130	Messina R0.50	185	......	Q45c	4.7	13.9

Miscellaneous

1980-81 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
180	78½	Anglo-Dominion	155	−5	—	—	—
97	40	Barymin	42	−2	—	—	—
17	12	Burma Mines 10p	15	......	0.62	1.1	6.0
445	53	Colby Res. Corp.	190	......	—	—	—
502	200	Cons. Murch. 10c	200	......	tQ30c	1.8	8.6
180	75	††Hemerdon 10c	90	......	—	—	—
225	36	Highwood Res.	175	+5	—	—	—
585	310	Northgate C$1	310	−5	—	—	—
*486	322	R.T.Z.	405	+5	t16.0	3.2	5.6
£115	£93½	Do. 9½% Cv. Ln. 95-2000	£97	......	Q9½%	—	f10.2
143	91	††SPO Minerals 10p	142	......	—	—	—
58	26	Sabina Inds. C$1	43	......	—	—	—
51	29	††SWCM 10p	33	−1	—	—	—
650	411	Tara Expln. $1	500	......	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- ‡‡ Dealt in under Rule 163(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♦ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ** Regional price.
- ‖ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1980-81. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1980-81. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

			IRISH		
Albany Inv. 20p	40	......	Conv. 9% '80/82	£93⅝	+⅛
Bertam	12	......	Nat. 9¾% 84/89	£75⅝	+⅛
Bdg'wtr. Est. 50p	555	−3	Fin. 13% 97/02	£86⅞	+⅛
Craig & Rose £1	£11¼	......	Alliance Gas	58	......
Fife Forge	41	......	Arnott	227	+2
Finlay Pkg. 5p	20½	......	Carroll (P.J.)	81	......
Graig Ship. £1	£22	......	Concrete Prods.	90	......
Higsons Brew	70	......	Helton (Hldgs.)	28	......
Holt (Jos) 25p	378	......	Ins. Corp.	395	+5
I.O.M. Stm. £1	160xd	−5	Irish Ropes	40	......
Pearce (C. H.)	720	+20	Jacob	40	......
Peel Mills	67	......	T.M.G.	24	......
Sheff. Refrshmt	95	......	Unidare	82	......
Sindall (Wm.)	135	......			

OPTIONS

3-month Call Rates

Industrials					
		I.C.I.	28	Utd. Drapery	6½
A. Brew	7	"Imps"	7	Vickers	14
BOC Intl.	9	I.C.L.	9	Woolworths	5
B.S.R.	4½	Inveresk	3		
Babcock	11	Ladbroke	24	**Property**	
Barclays Bank	48	Legal & Gen.	20	Brit. Land	8
Beecham	15	Lex Service	9	Cap. Counties	11
Blue Circle	30	Lloyds Bank	28	Land Secs.	35
Boots	20	"Lofs"	4	MEPC	20
Bowaters	20	London Brick	6	Peachey	8
B.A.T.	25	Lucas Inds.	28	Samuel Props.	15
Brown (J.)	6½	"Mams"	20	Town & City	2¾
Burton	10	Mrks. & Spncr.	9		
Cadburys	6	Midland Bank	32	**Oils**	
Courtaulds	6	N.E.I.	7	Brit. Petroleum	36
Debenhams	8	Nat. West. Bank	32	Burmah Oil	19
Distillers	17	P & O Dfd.	12	Charterhall	11
Dunlop	7½	Plessey	25	KCA	22
Eagle Star	22	Racal Elect.	32	Premier	18
F.N.F.C.	9½	R.H.M.	4	Shell	40
Gen. Accident	38	Rank Org.	16	Tricentrol	34
Gen. Electric	50	Reed Intnl.	18	Ultramar	48
Glaxo	22	Sears	4½		
Grand Met.	14	Tesco	5½	**Mines**	
G.U.S. 'A'	48	Thorn	28		
Guardian	32	Trust Houses	18	Charter Cons.	20
G.K.N.	16	Tube Invest.	18	Cons. Gold	45
Hawker Sidd	20	Unilever	50	Lonrho	10
House of Fraser	15	U.D.T.	4½	Rio T. Zinc	45

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 32

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FINANCIAL TIMES
Wednesday February 18 1981

Engineering union threat to expel BL activist

By Philip Bassett, Labour Staff

THE Amalgamated Union of Engineering Workers has warned Mr. Roy Fraser, unofficial leader of BL's toolmakers, that he faces expulsion from the union over his involvement in a multi-union association representing craft and other skilled workers.

The dispute between Mr. Fraser and the AUEW leadership if resolved in the union's favour might end Mr. Fraser's power over BL's toolmakers, who staged two serious and prolonged strikes in the 1970s. It centres on an organisation formed last year called the Engineering Craft Association. *According to Mr. Fraser*, its intention is to represent craftsmen dissatisfied with conventional trade union structures which had failed *to take account of their* interests.

Membership cards have been issued and documents circulated. Membership is claimed at about 2,000, *including* craftsmen at Vauxhall, Talbot, SU Carburettors as well as BL.

If the decision of the AUEW engineering section's executive is followed through, Mr. Fraser, who has seen his influence within BL wane—could lose both his position as AUEW convenor at BL's Cowley body plant and his job since the plant operates a closed shop.

Mr. Fraser has long had considerable *disagreement* with the official and predominantly Right-wing leadership of the AUEW, and twice ran unsuccessfully against Mr. Terry Duffy for the presidency of the union.

Mr. Fraser appeared last year *before* the AUEW executive, and the union then issued a membership circular asking members to have nothing to do with his craft *association*. The union later wrote to Mr. Fraser after receiving branch complaints about his continuing involvement in the association.

A further letter, also signed by Sir John Boyd, AUEW general secretary, expressed the union's concern at a Press report that the association was studying ways *of* providing sickness and other benefits to its members.

The letter said the *executive council* "hereby instruct that you must forthwith terminate your association and activities on behalf of that organisation. Otherwise you will leave the *executive* council with no alternative but to charge you under rule."

Zimbabwe seeks peace by disarming guerrillas

BY MICHAEL HOLMAN IN SALISBURY

THE ZIMBABWE Government is to disarm the remnants of the country's two guerrilla forces in an attempt to prevent a repetition of last week's *violence which cost up to 300* lives.

Mr. Emmerson Munamgagwa, *chairman of the joint Military* High Command, said yesterday that 22,000 guerrillas would be disarmed "*systematically*". The policy of integrating the two forces into a national army would continue, Mr. Munamgagwa said. However, there are indications of divisions in this new force.

How the heavily armed men would be disarmed is not clear. But the plan indicates the Government's determination to maintain law and order. Violence erupted last week between Zimbabwe African National Liberation Army (Zanla) forces loyal to Mr. Robert Mugabe, the Prime Minister, and Zimbabwe People's Revolutionary Army (Zipra) forces loyal to Mr. Joshua Nkomo, Minister without portfolio and leader of the minority Patriotic Front party in the coalition Government.

In the fighting around Bulawayo, the country's second largest city, *and elsewhere*, the Government says casualties totalled 167. But unofficial estimates put the death toll at around 300.

The main units used *to end* the fighting were the white-officered former Rhodesian African Rifles and the Zimbabwe Air Force whose pilots are white.

Along with Zipra and Zanla guerrillas who had been confined *to camps* but allowed to retain their arms, three battalions of the newly formed *national army* were involved in last week's disturbances. These battalions have since been broken up into Zipra and Zanla groups. The remaining six battalions are thought not to have overcome their party political allegiances.

Mr. Munamgagwa, who is also Minister of State in the office of the Prime Minister, and second to Mr. Mugabe in security matters, said that four *disciplinary commissions would* punish the ringleaders of the unrest: "Any further attempts will be dealt with by the full strength of the High *Command*."

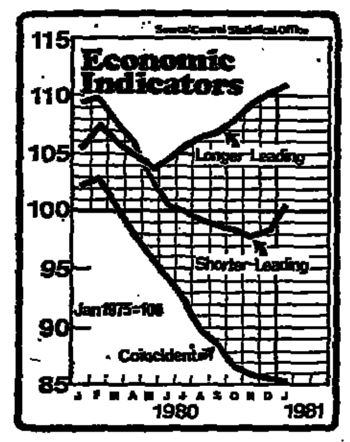
Firmer indications that recession trough may be reached in spring

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE TROUGH of the UK recession may be this spring. This is now being suggested more *firmly* by the official indicators which attempt to identify turning points in the level of economic activity.

The debate about the state of *the economy* remains finely balanced, however, as several economic forecasts and industrial trends surveys still indicate a turning point in the *summer or early autumn*.

The significant new feature of the Central Statistical Office's cyclical indicators, published yesterday, is that the shorter *leading index rose sharply in* January.



This index looks ahead an average *of about five months to* turning points. Its upturn over the past two months would, if maintained, be consistent with a trough in the spring.

A similar date has been suggested for some time by the index of longer leading indicators. This has been rising since November 1979, apart from a slight hiccup last spring.

If past average relationships about timing still apply (an *interval of about 15 months at* troughs), the bottom of the re*cession will be this spring.*

However, officials warn that the intervals have varied considerably. The longest gap has been 21 months which would place the trough much *later* this year. Moreover, the shorter leading index is subject to revision when more data becomes available, though this is not expected to alter the trend.

A gloomier side of the picture is the sharp fall in imports and in industrial output announced in the past few days, both of which suggest that economic *activity is still declining.*

The question of the timing of the trough largely turns on when companies complete the rundown in their stock levels. Many economists believe that *even* when the *bottom* has been touched any recovery will be *limited* by falling investment and exports.

Feature, Page 18

Chairman of Times to stay on

BY CHRISTINE MOIR

SIR DENIS HAMILTON will *continue as chairman* of Times Newspapers Holdings under the group's new owner, Mr. Rupert Murdoch. He will be joined by five other independent directors with specially safeguarded powers demanded as the price of Government approval for the change of ownership.

Sir Denis is one of the two independent directors who have been appointed for their "*particular background in journalism*." The other is Lord Drogheda, former chairman of the Financial Times.

The other four independent directors are Lord Astor of Hever, who sold The Times to the Thomson family in 1966; Lord Catto, chairman of Morgan Grenfell, the merchant bank and a director of News International, the UK arm of Mr. Murdoch's empire; Sir Edward Pickering, a director of Reed Publishing; and Mr. Richard Searby, an Australian barrister and member of the board of the News Corporation, Mr. Murdoch's ultimate holding company.

Two journalist directors—Mr. Louis Heren, deputy editor of The Times, and Mr. Peter Roberts, managing editor of the Sunday Times—have also been appointed to the holding company board.

Sir Denis said yesterday the holding company board was modelled on the supervisory boards of many continental companies. "Its special function is to protect the national interest related to the newspapers, each with a worldwide reputation, and so vital to our society."

He also admitted that "the operational thrust of Times Newspapers will be in the hands of Mr. Murdoch" through an executive board. Mr. Murdoch is to be vice-chairman of the holding company board.

Sir Denis added: "Mr. Murdoch has assured the independent national directors that he will continue the traditions of *The Times as a paper of record* and of high quality." It was this assurance which had persuaded Sir Denis to continue as chairman although his term would only be "to bridge a transitional period."

Pratt mystery buyer is revealed

BY REG VAUGHAN

MR. JOHN BENTLEY, the financier who has been making a comeback since leaving the City scene in the 1970s, was yesterday revealed as the mystery buyer of a large shareholding in F. Pratt Engineering Corporation, the Yorkshire-based engineering group.

Through *Bardsey, a quoted* property company in which Mr. Bentley has a large interest, a "tea-time raid" on the Pratt shares was launched last Friday with the stated objective of acquiring a 14.9 per cent stake at 85p per share.

But with the share price rising to 90p by the close on that day this aim was not achieved and Bardsey's stock market operation secured a holding of 12.67 per cent in Pratt.

Bardsey—in which Mr. Jim Slater has a small interest—announced yesterday that it "was actively considering the possibility of making a formal offer" for the rest of the Pratt capital.

At yesterday's close the Pratt shares had gained another 12p to 114p, valuing the Bardsey stake at £760,000 and the entire Pratt equity at around £6m.

But in a surprise deal yesterday Pratt announced that it had disposed of its Hamblin and Wingate optical manufacturing *subsidiary* to Dollond and Aitchison, which is owned by Gallaher the tobacco offshoot of American Brands, the U.S. group.

Dollond, once part of the Slater Walker Securities Group, is paying £4.5m for the company which Pratt bought for £850,000 in July 1980.

Mr. Bentley said yesterday that the deal with Dollond put a new perspective on the deal. He planned to hold a board meeting today to re-assess the situation in the light of the sale.

Morgan Grenfell and Co. merchant bankers acting for Pratt, said that the talks with Dollond were entered into before the raid by Bardsey. Dollond already has some 30 per cent of the optical retailing market so a look at the deal by the Government cannot be ruled out at a time when it is taking a particularly close interest in the spectacle industry.

The OFT can look at any deal where a monopoly situation is created or is increased.

W. German group buys half of data specialist

By Roger Boyes in Bonn

MANNESMANN, the West German engineering group, yesterday took a fresh step in its diversification policy by acquiring a 50 per cent stake in Kienzle Apparate, the data processing specialist. No official purchase figure has been relased but Mannesmann *is expected to pay about* DM 50m (£9.86m).

The deal—which still has to be approved by the *Cartel Office* and by Mannesmann's supervisory board—foresees a doubling of Kienzle's basic capital of DM 45m by an injection of the same amount by Mannesmann. Kienzle Apparate is a West German, *family-owned* concern with sales of around DM 800m *(£157.79m)* and a workforce of 8,500.

Expansion

Mannesmann, concerned at the *tight* profit margins, poor scope for expansion, and market vulnerability of its steel pipes business, has been searching for potential growth *sectors* outside its traditional territory. Two months ago, it took over an 83 per cent stake in Hartmann und Braun, a key subsidiary of AEG-Telefunken and an important manufacturer of electrical measuring and control equipment.

Kienzle Apparate, which has no connection with the Swiss-owned watch *manufacturer* of the same name, has two divisions: data processing systems and small specialised machines. The latter division includes parking meter machines, tachographs, taxi meters, and various other time-and-price calculators. But it is the data processing division which will be of most interest — and which could present the immediate prob*lems—for Mannesmann.*

Kienzle has felt for some time that it needs to expand its data processing section if it is to win out against mounting international competition and if it is to exploit fully the growing market in sophisticated office machinery.

Continued from Page 1

Dollar

of the West German Bundesbank, which had been expected to take further steps to support the currency at the regular fortnightly meeting of its central council tomorrow.

Some foreign exchange dealers anticipate an increase in the central bank's *Lombard* rate—at which it lends to the banks against the collateral of securities. This stands at 9 per cent, well below money *market rates*.

But the Bundesbank is reluctant to be seen adding to the financial pressures which are already burdening the West German economy.

Some dealers suggest that Bundesbank action to restrict the availability of Lombard credit, but to leave the rate unchanged, would be enough to demonstrate its determination to defend the currency.

The dollar also fell sharply against the Swiss franc, closing in London at SwFr 1.9950 against SwFr 2.0460, and against the *French franc, where it* finished at FFr 5.0870 (FFr 5.1950). Its trade weighted index, based on Bank of England calculations, fell to 101.2 from 102.2.

The weaker dollar spurred demand for gold, which closed in London up $14 at $504.5 an ounce.

Sterling dropped to DM 4.9725 at the London close, down heavily from DM 5.07 on Monday, and to FFr 11.515 from FFr 11.72.

THE LEX COLUMN

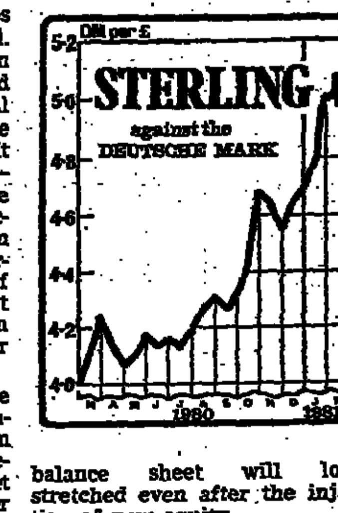
Dunlop's mystery shareholders

The Department of Trade's investigation into who holds Dunlop's shares reveals further weaknesses in the present rules which are supposed to prevent holdings of a company's shares being built up in secret abroad. The Department's report on ConsGold last August pointed out that the sanction of criminal *proceedings might* be ineffective against overseas corporations. It also warned that in some cases—though not in the ConsGold one—the Secretary of State's sanction of *putting* a restriction on shares might be artificially circumscribed by the wording of the relevant statute. And it seems that this very problem has emerged in practice over Dunlop.

The holdings in Dunlop were *bought* by Malaysian and Singapore interests and registered in nominee companies. Subsequently the holdings were split up and passed on in bearer *form, to* be *traded* in an active secondary market. The Secretary of State can only restrict shares where there has been "unwillingness" to provide information *as to* the beneficial ownership of holdings. But since the beneficial owner—and indeed the holder—of the bearer certificates is unknown, *nominees have no* reason in the world to display "unwillingness," since they have the genuine excuse of ignorance.

So the present rules can easily be got round by determined foreign-based operators. It looks as if the only effective penalty would be—as suggested in last year's DoT consultative document—outright cancellation of *shares when* beneficial holdings are not disclosed on application. The Department's excuse of shortage of Parliamentary time to include such a measure in the *1981 Companies Bill* is inadequate.

Index rose 1.0 to 485.5



BPC

Mr. Robert Maxwell's Pergamon Press has reached conditional agreement for injecting *£10m of new equity into BPC*, and NatWest will continue to support the business until the deal is consummated. But the long term viability of BPC is not yet *assured*. The *business* is going to have to get smaller, which is why the reconstruction will require the consent of trade unions as well as loan stockholders and shareholders. And unless the company's lenders are prepared to convert some *of their debt into equity*, the balance sheet will look *stretched* even *after* the injection of new equity.

Borrowings at the end of 1979 totalled £43m, and the first half of 1980 brought losses of £6½m. The *book* net worth of roughly £30m is not relevant in the circumstances, and the current *market* capitalisation is just £6½m.

Whatever happens, existing shareholders are going to be swamped in the reconstruction, *and seem* likely to end up with quite a small minority interest in a Pergamon-controlled company. The new parent itself is not exactly a financial giant: its *tangible shareholders' funds* at the end of 1979 was £8.4m.

BPC shares were unchanged yesterday at 16p, and are not in the bargain basement. There could be several uncomfortable weeks while the necessary approvals are sought. Meanwhile, *outsiders* can only sit back and gasp at the thought of a board which is to have at its head two such mega-personalities as Mr. Maxwell and Lord Kearton.

DCL

Gloom in the scotch whisky *trade* has been pretty well unrelieved recently, with the industry association talking of capacity use in distilling down to 55 per cent. And yesterday's figures *from* United Glass, which has Distillers for an important customer as well as a 50 per cent shareholder, underlined the problems. United Glass's £10.9m pre-tax *profits* in 1979 have turned into a £5.6m loss in 1980 after £4.8m of *redundancy* costs and a tripled interest charge. At the moment the *company*, around half of whose sales relate to the various drinks industries, reports that business is no better than steady at a low level.

For Distillers itself there have been nuggets of better news recently. The distilling cutbacks mean lower stocks and lower financing costs in the short term, bottling, which relates to the profit and loss account this year, not six years out, has not been so badly hit. Indeed, the bottling plants which were ordered on to a four-day week in December are *back to five-day* working. The company feels that its customers have stopped reducting their stocks, and there is fair demand from the U.S. ahead of a *price rise*, on top of which the recent return of sterling to the region of $2.25 has helped margins on North American sales.

This is not going to stop profits in the year to March falling by over £20m to little more than £160m, a level from which it is possible to construct a strong recovery picture for 1981-82. But the equity market is clearly uneasy after two years *of* disappointment from Distillers, and the 8.1 per cent yield at 189p represents a fine balance between yield-stock status and something a little *more* exciting. British portfolio managers do not want domestic stocks as sterling hedges now that exchange controls have gone, and Distillers' *virtues—notably* its rock-solid balance sheet—will count for less if marketing problems in various parts of the world begin to threaten dividend growth for another year.

Currencies

Yesterday's sharp recovery in the Deutsche Mark was nicely stage-managed by the central banks. They had stood back and let the mark slide to more than 2.25 to the dollar on Monday, by *intervening strongly* in the Far East yesterday morning they were able to move the rate quickly back to the right side of 2.20, where it held during the European trading day—2.1950 was a late London price. Whether the rescue can proceed quickly will depend on the market's reaction to the U.S. budget policy statement and the outcome of the Bundesbank's council meeting on Thursday. *The easing of eurodollar deposit* rates yesterday was helping both the mark and bond markets worldwide.

Weather

UK TODAY

Dry, some sunshine, max. temp. 9C (48F).

S., S.E., E. and N.E. England, E. Midlands
Fog clearing slowly.

Channel Isles, S.W., N.W. and N. England, Wales, I. of Man, S. and Central Scotland
Bright intervals.

N. Scotland, Orkney, Shetland, N. Ireland
Cloudy, occasional rain.

Outlook: Dry, cold, scattered showers, night frost, fog patches.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	13	55	L. Ang.†	C	15	59
Algiers	C	12	54	Luxmbg.	C	1	34
Amsdm.	C	3	37	Luxor	S	20	68
Athens	F	7	45	Madrid	S	6	43
Bahrain	C	23	73	Majorca	C	11	52
Barclna.	C	6	43	Malaga	F	15	59
Beirut	R	11	52	Malta	R	10	50
Belfast	C	6	43	M'chstr.	S	7	45
Belgrd.	F	2	36	Melbne.	F	25	77
Berlin	C	2	36	Mx. C.		—	—
Biarritz	F	9	48	Miami†	C	23	73
Bmghm.	F	4	39	Milan	S	5	41
Blackpl.	C	5	41	Montrl.†	C	5	41
Bordx.	S	6	43	Moscow	S	−7	19
Boulgn.	C	3	37	Munich	F	0	32
Bristol	S	4	39	Nairobi	C	25	77
Brussels	C	2	36	Naples	F	9	48
Budpst.	F	2	36	Nassau		—	—
Cairo		—	—	Nwcstl.	F	7	45
Cardiff	S	4	39	N York†	C	8	46
Cas'b'ca	C	16	61	Nice	S	10	50
Cape T.	S	32	90	Nicosia	F	11	52
Chicg.†	F	5	41	Oporto	C	10	50
Cologne	C	2	36	Oslo	S	0	32
Cpnhgn.	C	1	34	Paris	S	4	39
Corfu	S	11	52	Perth	R	18	64
Denver†	F	4	39	Prague	F	1	34
Dublin	C	6	43	Rykjvk.	Sn	−3	27
Dbrvnk.	S	9	48	Rhodes	S	9	48
Ednbgh.	S	6	43	Rio J'o†		—	—
Faro	S	15	59	Rome	S	10	50
Florence	F	7	45	Salzbrg.	S	2	36
Frankft.	C	2	36	S F'cisco†	F	12	54
Funchal	F	17	63	S. Moritz		—	—
Geneva	C	−1	30	Singapr.	C	31	88
Gibraltar	S	16	61	S'tiago†		—	—
Glasgow	F	7	45	Stckhm.	S	1	34
G'rnsey	S	5	41	Strasbg.	C	3	37
Helsinki	C	−3	27	Sydney	F	18	64
H. Kong		—	—	Tangier	F	16	61
Innsbrk.	S	−2	28	Tel Aviv		—	—
Invrnss.	S	7	45	Tenerife	F	13	55
I.o.Man	S	8	46	Tokyo	C	3	37
Istanbul	F	3	37	T'ronto†	C	3	37
Jersey	S	5	41	Tunis	C	12	54
Jo'burg	F	23	73	Valencia	C	13	55
L. Plms.	F	18	64	Venice	S	6	43
Lisbon	C	13	55	Vienna	F	2	36
Locarno	C	4	39	Warsaw	F	−3	27
London	C	4	39	Zurich	C	−1	30

C—Cloudy. F—Fair. R—Rain. S—Sunny. Sn—Snow. † Noon GMT temperatures.

Egypt wants to buy UK nuclear power stations

BY ROGER MATTHEWS IN CAIRO

EGYPT has started discussions with the British Government on *the* purchase of two nuclear power stations. Dr. Abdel-Razzaq Abdel-Meguid, deputy Prime Minister in charge of the economy, said in London yesterday that Egypt was prepared to pay cash and he had already raised the matter with Sir Ian *Gilmour*, Lord Privy Seal and deputy Foreign Secretary.

Egypt was setting aside $500m *(£221.5m) annually* from oil revenues for the next 20 years to fund the nuclear programme, Dr. Abdel-Meguid said.

This would provide Egypt with a gross $10bn at current prices. He estimated $8bn would be spent on constructing eight nuclear power stations. When completed, they would provide some 35-40 per cent of the country's energy requirements.

Egypt signed a protocol with France last week for two pressurised water reactor stations. The agreement is estimated to be worth about £870m and includes the supply of nuclear fuel and French technical assistance.

M. Jean Francois-Poncet, France's Foreign Minister, said the protocol expressed Egypt's desire to buy the power stations, but details still *had* to be worked out. It was expected negotiations would be completed by the end of next month.

Dr. Abdel-Meguid indicated yesterday that Egypt was considering American and Canadian participation. The eight power stations, he estimated, would have an average capacity of 900 MW.

Sites for the first two had been chosen. The first would be on the north coast about 80 kilometres west of Alexandria, and the other on the Red Sea coast north of Hurghada.

Financing would not be a problem because of Egypt's vastly increased oil revenues, estimated at nearly $3bn last year.

Earlier at the inaugural session of the Egyptian-British Chamber of Commerce, Dr. Abdel-Meguid said Egypt's oil reserve estimates had been doubled to 3bn barrels.

This is a rather optimistic figure according to industry sources.

Dr. Abdel-Meguid said his country had experienced a 180-degree economic turn in the past 12 months because of increased oil revenues. France would not have agreed to sell two nuclear power stations if Egypt had been asking for long-term credits, he said. "In the same way, we are ready to buy for cash two nuclear stations from Britain, once the necessary requirements can be fulfilled."

Dr. Abdel-Meguid said the Egyptian Parliament was debating the nuclear non-proliferation treaty. He thought Egypt would sign it soon.

He had talks yesterday with Sir Geoffrey Howe, the Chancellor, with whom he planned to discuss the nuclear issue. He planned to have talks on another, unspecified, £300m project.

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